

3771. By Mr. MCKINLEY: Petition of A. C. Sproeder, of Palatine, Ill., declaring popular sentiment to be against the League of Nations, asking legislation against profiteers and in connection with high prices of feed charged to dairymen; to the Committee on Foreign Affairs.

3772. By Mr. O'CONNELL: Petition of Brooklyn Chamber of Commerce and Manufacturers and Dealers' League, of New York, favoring increase in postal salaries; to the Committee on the Post Office and Post Roads.

3773. Also, petition of Brooklyn Chamber of Commerce, opposing blanket bonus legislation; to the Committee on Ways and Means.

3774. By Mr. RAKER: Petition of Brotherhood of Locomotive Engineers, of Sacramento, Calif., protesting against Army reorganization bill; to the Committee on Military Affairs.

3775. By Mr. TILSON: Petition of North Bloomfield Milk Producers' Association, of Connecticut, for passage of House bill 13726; to the Committee on Interstate and Foreign Commerce.

3776. By Mr. VARE: Petition of Philadelphia (Pa.) Real Estate Board, protesting against the passage of Ralston-Nolan revenue bill; to the Committee on Ways and Means.

3777. Also, petition of Board of Trade Post, American Legion, Philadelphia, Pa., in opposition to the bonus; to the Committee on Ways and Means.

3778. Also, petition of Patrick Henry Branch, Friends of Irish Freedom, asking for recognition of Ireland; to the Committee on Foreign Affairs.

3779. By Mr. YATES: Petition of H. B. Signor, Chicago, Ill., protesting against the pending tax legislation connected with the soldiers' bonus bill; to the Committee on Ways and Means.

3780. Also, petition of David R. Forgan, president First National Bank of Chicago, Ill., emphatically protesting against the pending tax legislation connected with the soldiers' bonus bill, etc.; to the Committee on Ways and Means.

3781. Also, petition of Barrington Post 158, Barrington, Ill., urging the passage of the soldiers' bonus bill; to the Committee on Ways and Means.

3782. Also, petition of E. Lowitz & Co., Chicago, Ill., protesting against the pending legislation concerning a tax on stocks and bonds in connection with the proposed soldiers' bonus bill; to the Committee on Ways and Means.

3783. Also, petition of Solomon Sturges, Chicago, Ill., protesting against the pending tax legislation connected with the proposed soldiers' bonus bill; to the Committee on Ways and Means.

3784. Also, petition of Chicago Board of Trade, transportation department, urging the passage of Senate bill 4027 and House bill 13015, providing for the exemption of all freight from the transportation tax when intended for export; to the Committee on Ways and Means.

3785. Also, petition of Mr. E. A. Hamill, the Corn Exchange National Bank of Chicago, Ill., protesting against the pending tax legislation in connection with the proposed soldiers' bonus bill; to the Committee on Ways and Means.

## SENATE.

FRIDAY, May 21, 1920.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we thank Thee for the revelations of Thy purpose concerning us, revelations that have in them so much of power, so much of divine authority, that we stand in fear in their presence. When Thou dost reveal Thy glory we can see in Thee the immeasurable greatness of Thy love, Thy mercy, and Thy purpose in us. Grant us the vision of Thy face. Give us the constant impress of Thy spirit. May we follow the truth, and by the hand of God may be led to accomplish the divine purpose and plan in us as a Nation. For Christ's sake. Amen.

### NAMING A PRESIDING OFFICER.

The Secretary (George A. Sanderson) read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., May 21, 1920.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. IRVINE L. LENROOT, a Senator from the State of Wisconsin, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President pro tempore.

Mr. LENROOT thereupon took the chair as Presiding Officer for the legislative day.

The Reading Clerk proceeded to read the Journal of the proceedings of the legislative day of Wednesday, May 19, 1920, when on request of Mr. CURTIS, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### IMPERIAL VALLEY, CALIF. (S. DOC. NO. 276).

The PRESIDING OFFICER laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of the Interior submitting an estimate of appropriation, in the sum of \$20,000, required by the Department of the Interior for investigation of irrigation problems in the Imperial Valley of California, as authorized in the act approved May 18, 1920, which, with accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the joint resolution (S. J. Res. 189) authorizing and directing the accounting officers of the Treasury to allow credit to the disbursing clerk of the Bureau of War Risk Insurance in certain cases.

The message also announced that Mr. CAMPBELL of Kansas, Mr. SINCLAIR, Mr. RANDALL of Wisconsin, Mr. GANDY, and Mr. WEAVER had been appointed managers at the conference on the part of the House on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2890) to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes, in place of Mr. SNYDER, Mr. ELSTON, Mr. RHODES, Mr. CARTER, and Mr. HAYDEN.

The message further announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Presiding Officer:

H. R. 8440. An act to restore to the public domain certain lands heretofore reserved for a bird reservation in Siskiyou and Modoc Counties, Calif., and Klamath County, Oreg., and for other purposes;

H. R. 9781. An act to amend section 217 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909;

H. R. 9825. An act authorizing certain railroad companies, or their successors in interest, to convey for public-road purposes certain parts of their rights of way;

H. R. 10285. An act to authorize the purchase by the city of Myrtle Point, Oreg., of certain lands formerly embraced in the grant to the Oregon & California Railroad Co. and revested in the United States by the act approved June 9, 1916;

H. R. 11024. An act to amend an act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1914," approved June 30, 1913;

H. R. 13138. An act to amend section 8 of an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended May 15, 1916;

H. R. 13157. An act authorizing the issuance of patent to Johnson County, Wyo., of lands for poor-farm purposes;

H. R. 13274. An act to convey to the Big Rock Stone & Construction Co. a portion of the military reservation of Fort Logan H. Roots, in the State of Arkansas;

H. R. 13389. An act to authorize the Secretary of the Interior to dispose of at public sale certain isolated and fractional tracts of lands formerly embraced in the grant to the Oregon & California Railroad Co.; and

H. R. 13576. An act authorizing the Secretary of War to turn over to the Postmaster General, without charge therefor, a certain building or buildings now located at Watertown, N. Y.

### PETITIONS AND MEMORIALS.

Mr. TOWNSEND presented a petition of sundry employees of the Lincoln Motor Co., of Detroit, Mich., praying for an increase in the salaries of postal employees, which was referred to the Committee on Post offices and Post Roads.

Mr. MCCORMICK presented a telegram in the nature of a petition from sundry citizens of Chicago, Ill., praying that relief be granted the people of the country in the present sugar situation, which was referred to the Committee on Agriculture and Forestry.

Mr. McLEAN presented a memorial of sundry Albanians, residents of North Grosvenor Dale, Conn., and a memorial of the

Albanian Society, of Bridgeport, Conn., remonstrating against the annexation of the two southern Albanian Provinces of Koritza and Argyrocastro to Greece, which were referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Hartford, Conn., praying that the United States grant protection to the people of Armenia, which was referred to the Committee on Foreign Relations.

He also presented a petition of the State board of agriculture of Connecticut, praying for the enactment of legislation authorizing the Interstate Commerce Commission to approve the ownership of water lines by railroads, etc., which was referred to the Committee on Interstate Commerce.

He also presented a memorial of the board of directors of the Union Savings Bank, of Danbury; the Central National Bank of Middletown; the Thames National Bank, of Norwich; and of the Riverside Trust Co., of Hartford, all in the State of Connecticut, remonstrating against the enactment of legislation relative to an increase in the Federal tax on the sale of securities in order to raise funds to provide a bonus for the soldiers of the late World War, which were referred to the Committee on Finance.

He also presented a petition of the Chamber of Commerce of Bridgeport, Conn., praying for the enactment of legislation granting a bonus to ex-service men, which was referred to the Committee on Finance.

He also presented petitions of Local Branch No. 109, National Association of Letter Carriers, of Ansonia; of Local Branch No. 164, National Association of Post Office Clerks, of Torrington; of Local Branch No. 738, National Association of Post Office Clerks, of Wallingford; of the Connecticut State Branch, National Association of Post Office Clerks, of New Britain; of the Chamber of Commerce of Bridgeport; of Local Branch No. 746, National Association of Letter Carriers, of Naugatuck; and of Local Branch No. 1261, National Association of Post Office Clerks, of Naugatuck, all in the State of Connecticut, praying for an increase in the salaries of postal employees, which were referred to the Committee on Post Offices and Post Roads.

He also presented a petition of Central Labor Union of Stamford, Conn., praying for the passage of the so-called Capper pure-fabric bill, which was referred to the Committee on Interstate Commerce.

He also presented a petition of the Eastern Marine Workers' Association, of New Haven, Conn., praying for the parole of Federal prisoners, which was referred to the Committee on the Judiciary.

#### ARMY REORGANIZATION—CONSCRIPTION OF WORKERS IN INDUSTRY.

MR. GRONNA. Mr. President, I understand that no letters or petitions will be allowed to be printed in the RECORD without having been read. Therefore I ask unanimous consent to read a letter and a telegram. I am in receipt this morning of a letter from Hon. Samuel Gompers, addressed to me, which is as follows:

AMERICAN FEDERATION OF LABOR,  
Washington, D. C., May 20, 1920.

HON. ASLE J. GRONNA,  
Senate Office Building, Washington, D. C.

SIR: I am forwarding to you for your information a copy of a letter sent by me yesterday to the Hon. JAMES W. WADSWORTH, jr., chairman of the conferees committee on H. R. 12775.

Respectfully, yours,

SAMUEL GOMPERS,  
President American Federation of Labor.

The letter addressed to the Senator from New York is as follows:

MAY 19, 1920.

HON. JAMES W. WADSWORTH, JR.,  
Chairman conferees committee on H. R. 12775,  
Senate Office Building, Washington, D. C.

DEAR SIR: The executive council of the American Federation of Labor has given most thoughtful consideration to H. R. 12775 and desires to enter most emphatic protest against those sections which provide for the conscription of workers in industry in periods of "national emergency."

The proposed law containing these sections provides for the conscription of workers in times of peace as well as in times of war. Section 69 of chapter 1 provides that "whenever Congress shall declare and the President shall proclaim that a 'national emergency' exists, all male citizens of the United States, except the National Guard or the organized reserves of the Army of the United States, shall be subject to call for immediate active military service during the period of emergency under such regulations as may be prescribed."

It is our understanding that the United States has just been engaged in a great war to overthrow the concept embodied in that provision.

Section 70 classifies persons liable to service "so as to place in a deferred class those who are needed in occupations of importance in the maintenance of the national interest during the emergency so long as they retain and in good faith continue in such occupations."

Clearly, that is not a measure of national defense calculated to strengthen the country against invasion. Unquestionably it is a measure calculated to compel the workers of America to remain at work in defiance of their own wishes and of their own interests, and is repugnant to the spirit of a republican form of government. It must be evident to all that the enactment of this measure into law would constitute an abrogation of the thirteenth amendment of the Constitution, which declares that there shall be no involuntary servitude except as a punishment for crime whereof the party shall have been duly convicted. The term "national emergency" can be and would be construed to cover any unusual condition that might exist within the borders of the country. It is undoubtedly in the mind of those who framed the law that a cessation of work would constitute a "national emergency." The effect of the measure would be to destroy the right of the workers to exercise their normal function and to engage in their normal activities.

Upon proclamation of a "national emergency" the workers conscripted under the provisions of this act would be compelled to remain at their employment, or to return to their employment, no matter what conditions might prevail. If they exercise their normal and lawful rights to cease work, they would be at once subject to the penalty provided in section 28, chapter 2, of the bill, which is as follows:

Any person subject to military law who quits his organization or place of duty with the intent to avoid hazardous duty or to shirk important service shall be deemed a deserter.

The whole trend to-day is toward democracy in industry. It is toward an enlargement of the measure of justice which the working masses are able to secure. It is toward the general improvement of the conditions of life for the masses of our people. The bill now before you for your consideration seeks to destroy the progress that has been achieved. It seeks to make further progress impossible. It seeks to reestablish and maintain by force of military authority the autocratic concept in industry. The working people of the United States will protest to the utmost limit of their power any movement to destroy their right to cease work or cease giving service under conditions which make service impossible. The right to cease work is a right which is as normal and natural as life itself. If this right is destroyed, freedom will vanish.

Even during the Great War, when every energy was capitalized for the sake of victory, no such drastic and undemocratic measure as this was found necessary. In fact, the most valuable and most effective efforts toward the winning of the war were those efforts which came as volunteer offerings of a citizenship bent upon one purpose. Even autocratic Germany, where human life was the plaything of dictatorship, and where human welfare was never anything but a sacrifice to the welfare of the ruling caste, never had such a drastic law.

It is almost beyond comprehension that the Congress of the United States should consider seriously a measure of this character. It is perhaps one of the best indications of the character of this proposed legislation that it has been kept so carefully from public attention. There seems almost to have been a studious effort made to see that the citizenship of our Republic was kept in ignorance of the proposed act. American people are overwhelmingly opposed to reactionary legislation and particularly so to legislation which tends toward the establishment of military autocracy.

The executive council of the American Federation of Labor is confident that it voices the spirit and the will of the masses of our people in opposing with utmost vigor the enactment of this measure into law. This measure is characteristic not of free America, but the old Russia and the old Germany. The old Russia and the old Germany which typified the concept written into this bill have passed from the face of the earth forever. Many of the great free and democratic nations of to-day are turning to face in the direction of a better administration of justice, of a fuller measure of liberty and freedom, of a higher concept of human life in all its phases. Too much has been done by the Congress of the United States and by some of our State legislatures in defiance of the trend of world democracy, and in defiance of the rights and welfare of the working people.

Unless it is the determination of Congress to remove the United States from the category of free nations, and to destroy



completely the hopes and aspirations and ambitions of our people, it will make haste to defeat the provisions of the proposed bill herein discussed. The executive council of the American Federation of Labor earnestly hopes that the autocratic and un-American provisions of the bill will be speedily and overwhelmingly defeated.

Respectfully, yours,

SAMUEL GOMPERS,  
President American Federation of Labor.

Mr. McCUMBER. Mr. President—

Mr. GRONNA. In just a moment. I wish to read a short telegram and then I will yield. The following telegram is from Grand Forks, N. Dak., and is addressed to me:

GRAND FORKS, N. DAK., May 20, 1920.

Hon. A. J. GRONNA,

United States Senate, Washington, D. C.:

Division No. 69, Brotherhood of Locomotive Engineers, protests against provisions of Army organization bill providing for conscription of all men between 18 and 45 for military service and assignment to industrial pursuits whenever in opinion of President and Congress an emergency exists. We urge you to use your efforts to defeat this provision.

O. L. POWELL,

Secretary Division No. 69, Brotherhood of Locomotive Engineers.

Mr. President, I wish to say merely a word. A day or two ago I had read a brief article printed in the Washington Post giving an account of the action taken by the King of Great Britain wherein he proposed a volunteer army, and proposed to do away with conscription in time of peace.

Mr. President, I make this statement and I challenge contradiction: The provision in the so-called Army reorganization bill as it passed the Senate is in accordance with the rules laid down by Prince Bismarck during the early seventies. That is the time when the military autocracy of Germany was established. Are we to follow the example set by Prince Bismarck?

I for one, Mr. President, voted against the bill for the reason stated in Mr. Gompers's letter, and with the purpose of doing away with the National Guard and making but one army, and providing also that in times of peace troops shall be permitted to be stationed in the States.

Mr. McCUMBER. Mr. President, I do not know whether I fully understood the import of the letter from Mr. Gompers read by my colleague. Do I understand that Mr. Gompers takes the position that in time of war the Government of the United States is not entitled to call upon every citizen between certain ages to come to the defense of the country?

Mr. GRONNA. Oh, no, Mr. President; it is in times of peace that Mr. Gompers protests against leaving it to Congress or to anyone in case of a national emergency to enforce conscription; and will my colleague define what a national emergency might mean?

Mr. McCUMBER. I can hardly imagine a national emergency that would be of such a character as to justify calling all the people to arms unless it was a real war. If the national emergency was of such a character as to demand the calling to arms of other than the regular soldiery of the United States—the Regular Army and the National Guard—then certainly I would say that there should be no distinction between class and class as to where the Government would look for its support.

Mr. GRONNA. But let us suppose that the farmers of the United States should experience that farming was not profitable, and that they should cease farming operations. Would not that be a national emergency?

Mr. McCUMBER. No.

Mr. GRONNA. Supposing labor throughout the United States should for good reasons, not unpatriotic reasons, for I would not support labor any more than I would support farmers' organizations or any other organizations in doing anything unpatriotic—

Mr. McCUMBER. Let me answer my colleague.

Mr. GRONNA. Let me finish my statement.

Mr. McCUMBER. Not any of them would be an emergency, because the Government would never compel a farmer by force to raise grain nor would it compel by force a worker to work in a certain industry unless it was engaged in a desperate war and it became absolutely necessary that the work be done or the grain be raised; and if ever we reach a condition of that kind then, I am free to say, that for the protection of all the people the Government would have the right to call upon each individual to perform such service as might be necessary.

Mr. GRONNA. The trouble with my colleague is that he is arguing a question which is not before the Senate. I have simply read a letter of Mr. Gompers's which deals with conditions in time of peace, and it is not necessary for my colleague to bring in the question in time of war. That is not being discussed; that is an entirely different issue. We are dis-

cussing questions relating to times of peace, and I say that if the labor of the United States should cease to work for good reasons it would be a national emergency.

Mr. McCUMBER. Mr. President, I do not think it would be a national emergency such as would require the Government to conscript all of the people of the United States to forced work. I can not imagine any national emergency, except a mighty desperate war, that would justify conscription, and no one believes in conscription in times of peace.

Mr. THOMAS. Mr. President, the chairman of the Committee on Military Affairs, the Senator from New York [Mr. WADSWORTH], is not in the Chamber, and I seem to be the only member now present of the subcommittee of that committee which framed and reported the bill to which the letter of Mr. Gompers's just read refers. In view of that fact it is my duty to submit a word in behalf of the committee and subcommittee.

The Army reorganization bill, which has passed the Senate and is now in conference, was prepared by the subcommittee of the Senate Committee on Military Affairs after giving exhaustive consideration to every phase of the subject. If any interest concerned in the bill or in any of its details failed to secure a hearing, it was not our fault, but theirs. The hearings extended over a period of some six months. All classes and conditions of men and women were welcomed to the deliberations of the subcommittee, and no request to be heard was denied.

The committee was determined, as far as possible, to avail itself of all essential information, both of a military and civilian character, and to report to the Senate a measure only after the fullest and most complete inquiry into every feature and detail involved in such legislation.

To avoid the contention theretofore presented in opposition to other similar bills that the form and substance of the bill was dictated or influenced by the War Department and the General Staff, the committee discarded the bill prepared by the War Department for its consideration and deemed it wise to avail itself of that military assistance which the General Staff always, and very properly, proffers on such occasions. Not only so, but the committee made its own selections from the official body of the Army, and thereby secured the assistance of gentlemen not wedded to staff considerations but who had all their lives made a study of military problems from their own points of view.

These gentlemen, at the request of the chairman, were assigned to the duty of giving the committee all possible assistance at all times, and it is due to them to say that they acquitted themselves of the task thus imposed upon them with an ability and a completeness that places the committee, at least, under the greatest of obligations to them.

I see that the chairman of the committee is now in his seat, and, therefore, I shall yield the floor to him with little delay. The National Guard features of the bill were considered in conjunction with the very best officials of that organization who had won their spurs on the fields of Flanders, and who spoke not for themselves only but for the great mass of their brother officers. And you have been informed that they have received the approval of the American Legion.

Moreover, the bill introduced for the State National Guard—perhaps that is not its proper appellation—by those representatives of the National Guard interests which are now holding positions in the States under State law was also given the very fullest consideration, and although invited to come before us with the assurance that their expenses would be paid only four or five of its advocates availed themselves of that opportunity.

Since the report of the bill to the calendar the opposition of that segment of the National Guard has materialized in protests and appeals to individuals Members of the House and Senate to sidetrack or defeat it.

Of course, there is and has been widespread and determined opposition to the principle of compulsory training, and that was deferred to by omitting from the bill and discarding entirely those sections which were devoted to that subject and a system of voluntary training substituted. That, too, was obnoxious to the House, and has been discarded in conference. As a result the opposition is very largely concentrated upon section 69, although all of the sections relating to the National Guard are as well the subject of controversy.

Section 69, Mr. President, merely provides that in case of national emergency declared by Congress and announced by the President the able-bodied men of the country shall be subject to military service. I am unable to perceive any valid ground of objection to that proposition. If the people of the United States can not trust their Representatives in Congress

to act upon measures of such tremendous importance, the sooner Congress is abolished the better. Representatives and Senators are presumably, although it may be a violent presumption in these days, selected and sent to Washington by communities which regard them as competent and capable properly to represent them and discharge the duties which membership imposes upon them, and if constituents are so fearful of the abuse of that power by a body completely under their control, one House being elected as to its entire membership every two years, then I must despair of representative government everywhere, for if the people can not trust, as I have said, their own Representatives in whom they have reposed their own confidence, and sometimes repeatedly, and if it be true that these officials are incapable of representing them or misrepresent them, then I reiterate that representative government is a failure.

But, Mr. President, even that situation has been met. I violate no confidence when I inform the Senate that the words "great national emergency" have by the conference committee been abandoned and the word "war" substituted therefor, so that the measure to be reported, if a final agreement can be reached, for the ultimate consideration of the Senate is one which provides that in case of war declared by Congress and proclaimed by the President the able-bodied citizenry of the country shall respond by draft if necessary.

Mr. NORRIS. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. THOMAS. Certainly.

Mr. NORRIS. I am very glad indeed to have the information the Senator has just given. In my opinion, it throws a great deal of light on the subject, and I think it ought to be stated that Mr. Gompers, when his letter was written, of course did not have that information.

Mr. THOMAS. It was so stated by the chairman of the committee here some days ago.

Mr. NORRIS. That may be, but I did not know of it myself.

Mr. THOMAS. The chairman so stated.

Mr. NORRIS. I expected to ask the Senator the question what objection there would be to putting in the word "war" instead of the words "great emergency"?

Mr. THOMAS. None whatever, and that substitution has been agreed to.

Mr. CHAMBERLAIN. That is what the original words meant.

Mr. THOMAS. We think that is what they meant.

Mr. NORRIS. That may be, although I think there is great opportunity for disagreement as to the meaning of the term; but if the word "war" is used that clears it up, in my mind, to a great extent.

Mr. THOMAS. There is some ground for discussion upon that proposition; but it is incredible that Congress would declare an emergency sufficiently great to require the operation of a draft system that would be short of war. I can not conceive of it, and especially in these days, Mr. President, when congressional action is not due so much to the conviction and individual judgment of the Representatives as it is to the organizations over the country constantly demanding action in their interests and constantly threatening in the event the demand is not obeyed.

Mr. WADSWORTH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from New York?

Mr. THOMAS. Yes.

Mr. WADSWORTH. May I remind the Senator that the word "emergency" is the word which was used in practically all of our war-time legislation as descriptive of the war status?

Mr. THOMAS. Yes; I am glad the Senator reminded me of that, because it otherwise might have escaped me.

Mr. WADSWORTH. That was certainly the intention of the committee and of the Senate when it passed the bill.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Missouri?

Mr. THOMAS. I do.

Mr. REED. But the word "emergency" was used in connection with the word "present"—that is, "the present emergency"; and "the present emergency" clearly meant "the present war." That is a very different thing from the word "emergency."

Mr. THOMAS. From the words "great emergency." I think the bill uses the term "great emergency."

Mr. REED. No; I beg the Senator's pardon.

Mr. THOMAS. I may be mistaken about that. My recollection was that the bill used the words "great emergency."

Mr. REED. The bill I have before me is, I suppose, the bill as passed.

Mr. THOMAS. That phraseology governs, of course.

Mr. REED. The language here is:

Whenever Congress shall declare that a national emergency exists.

Mr. THOMAS. I stand corrected.

Mr. President, a great many of the organizations bombarding Members of Congress with letters and telegrams—and the number I receive is constantly augmenting—in opposition to section 69 of the bill are precisely those that have always opposed efficient State National Guard organizations. The affection they now manifest for State troops, to say the least of it, is in inverse proportion to the zeal which has been heretofore displayed against them.

The fact is, there is a large sentiment—I do not say that it is a prevailing one, because I do not think it is—against any military establishment whatever; and if we have one, then the sentiment is to make it as innocuous and as contemptible as possible.

I am no militarist. God knows, I have seen enough of war in my time. My life has extended over three great wars in which the United States has been involved. I saw its seamy side in my youth. I have tried to bear my part of the burden of the last great conflict. One reason I am unable to accept the treaty is my belief that instead of decreasing it greatly extends the probabilities of war in the future. I wish nations could live, consort with each other, and dispose of their various differences without resort to the arbitrament of war. But the experiences we have recently undergone and the disturbing condition of world affairs are such that I believe as a Senator of the United States I would not discharge my duty to my conscience, to my constituency, and to the Nation if I did not do my humble part toward securing a military system so efficient that in the event of sudden and speedy change of conditions, in view of the possibility of our being thrust again into a great world conflict or into a conflict with a single one of the great powers, such a crisis should not find us in the same situation in which the last one found us. I have, therefore, to the best of my ability contributed in my humble way toward the preparation of this bill, which I believe, although by no means perfect, is the best scheme of Army organization ever offered to the consideration of Congress.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from North Dakota?

Mr. THOMAS. I yield.

Mr. McCUMBER. I wanted to hear all of the Senator's explanation, but I was called out of the Senate Chamber for a moment, and possibly he has covered the point I have in mind. It is this: The Senator, of course, must agree with me that the Government has the right to call upon any and all of its citizens in time of war.

Mr. THOMAS. Unquestionably.

Mr. McCUMBER. And it is not necessary to make that a matter of declaration before the war so far as the right is concerned. Now, the letter which was read by my colleague expressed a fear that this power would be called into effectiveness during some strike or during times of peace. I can not possibly believe for a single moment that any member of the committee ever contemplated that we would need to have conscription to meet the little troubles that we may have in our domestic concerns.

Mr. THOMAS. That is correct.

Mr. McCUMBER. I wanted to ask the Senator, then, that being the case—and, as I construe it, the power of conscription is intended to be used only in cases of emergency, and the emergency must be of the character of such a war that the Regular Army and the reserves in the States could not take care of it—what is the real purpose of declaring as a principle that the right of conscription exists when we know as a matter of fact that it exists?

Mr. THOMAS. Mr. President, the term "national emergency" certainly is not susceptible of a wrong construction in so far as the widespread character of the emergency, whatever it may be, is concerned. Of course, if the advocates of the so-called "one big union" succeed, if all of the discontentment and disloyalty and dissatisfaction of the Nation should be organized into an enormous body stretching from ocean to ocean and from Canada to Mexico, under a leadership capable of mobilizing it into a strike, or an insurrection, or any other form of revolt against the Government, I think such action would be national in character and would become a rebellion. In such an emergency there is no doubt, in my judgment, but



that Congress would act, the President would make proclamation, and a state of war would exist.

Let me say to the Senator from North Dakota that I do not regard this provision as a mere announcement of a principle. It is designed to make drafts effectual contemporaneously with a declaration of war or of a state of war without further legislation. The Senate will remember that although war was declared on the 6th day of April, 1917, the selective draft bill did not become a law and was not approved until the latter part of May, as I remember.

Of course, enlistments continued, and possibly no time was needlessly lost. Nevertheless, it is a fact that the arm of the Government could not be exerted to its full extent for lack of legislation until some 60 valuable days had transpired; and this provision is designed, if I correctly understand it, to cover a similar emergency, once it exists, and thus save a space of time and a delay which might be not only critical but fatal.

Mr. President, if I caught the language of the letter of Mr. Gompers's, when presented, it complained of a lack of information or of publicity regarding this subject. I do not pretend to give his words, but there seemed to be a complaint, which was the equivalent of a charge or an insinuation, that information or knowledge concerning this vastly important measure had been suppressed, partially at least, and that the public had not had the opportunities for information which it should have possessed.

That, Mr. President, is not the case. The reporters—and they are among the most active and energetic men in America—were at all times acquainted by the chairman of the committee with the progress of this bill. The testimony has been printed, and an enormous quantity of it has been circulated. There are hundreds of volumes not yet distributed which are available not only to Mr. Gompers but to the meanest citizen in the country. The bill was discussed to tatters here upon the floor, and particularly those measures which, since its enactment, seem to have become so obnoxious.

I quite agree that if information regarding any subject of legislation, however contemptible or insignificant in its character, were suppressed, and the public not permitted to inform itself of it, it would not only be a great wrong but one for which the individual Members responsible for that fact should be subject to impeachment. Nothing of the kind has been done, and, what is more, the chairman of this committee is incapable of such conduct. Nothing, however unimportant, appearing in the details of this bill has been concealed, has been suppressed, or has been overlooked. The chairman has answered every question, and I think completely, of every Senator upon this floor regarding every detail of the measure; and with one single exception let me say, as I have said before, that he is more familiar with this legislation, more familiar with military affairs, more competent to pass upon these questions as the representative of the committee, than any man inside or outside the Senate Chamber.

I am sure that my associates will agree that at no time during the consideration of the bill was any movement whatever made, in any manner or degree, to refuse full information or to prevent the public from obtaining what information it wanted.

I said a few moments ago, Mr. President—and I will close with this reflection—that in modern times the Congress does not function upon its own independent judgment, upon the convictions of the Members of the House and Senate as to the proper discharge of their duties, so much as through the influence of organizations of all kinds, capitalistic and industrial, social and economic, continually bombarding both branches with appeals, with demands, with protests, and with threats, all of which are bound to have their influence, and in consequence of which most of the modern legislation of the Congress of the United States is a mosaic and unsatisfactory to anyone, ambiguous, ineffective, and frequently ridiculous.

In this connection let me call the attention of the Senate to a few golden words of wisdom from the pen of David Jayne Hill, one of the most eminent economists of the day, a statesman, a diplomat, and a patriot, which appeared in the *North American Review* for April last. He said:

The greatest danger now menacing this Republic is the control of the Government by well-organized, persistent, and vociferous private groups of men and women aiming to acquire the power to influence the action of public officers; yet the whole fabric of justice rests on the responsibility of those intrusted with authority. Having been freely chosen by the ordered procedure legally provided, a public officer in the United States is not properly subject to the orders or the intimidation of any group of citizens, however powerful, and he can not better display his fitness for discharging a public trust than by ignoring or, if necessary, resisting any attempt by any group, for any purpose, to deflect him from the resolute and conscientious performance of his duty as a public officer in matters confided to his action, however numerous and respectable that group may be.

Mr. President, I am reminded that the Senator from Wyoming [Mr. KENDRICK] gave notice that he would address the Senate this morning upon a very important measure, which I presume will soon come up for consideration, and I ask his pardon for having detained the Senate so long upon this subject.

#### PANAMA RAILROAD STEAMSHIP LINE.

Mr. ROBINSON. Mr. President, I ask leave to have printed in the Record a brief statement sent out to the press by the Washington bureau of the *Journal of Commerce* yesterday, dated May 18, relative to the rates which are charged by the Panama Railroad Steamship Lines in the transportation of freight and passengers to and from Haiti; also a letter to Mr. A. L. Flint, chief of the Panama Canal office, written by Mr. T. H. Rossbottom, assistant to the vice president of the Panama Railroad Steamship Line. In connection with this article and the letter referred to I desire to submit a statement.

The article charges the Panama Railroad Steamship Line with unfair competition and also charges that it refused to enter into an agreement with the Shipping Board and with private steamship companies for the maintenance of the conference tariff rates in the transportation of freight and passengers to and from Haiti.

The letter of Mr. Rossbottom, which I have asked to have printed in the Record, discloses what I believe to be the true facts in connection with the matter.

The two private steamship lines with which the Panama Railroad Steamship Co. is in competition are the Royal Dutch Line and the Raporel Line. Mr. Rossbottom states in his letter as follows:

The Royal Dutch Line (complainant No. 1) is a steamship line owned in Holland, operating vessels of Dutch registry. The Raporel Line (complainant No. 2) was the steamship branch of a firm of commission merchants engaged in Haitian trade. They first operated steamers of foreign registry, and their object in operating steamers was principally to take care of their own shipments. They were later able to induce the Shipping Board to assign Shipping Board steamers to them for operation, and several months ago the shipping community was duly informed that the line had been taken over by the Clyde Line.

With respect to the rates which are maintained by the Panama Railroad Steamship Line Mr. Rossbottom states:

Our rates to Haitian ports are higher than our rates to the Canal Zone, which is 700 miles beyond. We do not operate 12 steamers to Haiti, as indicated in the article. We operate seven, four of them being the weekly passenger steamers to Cristobal that stop at Port au Prince on their outward and homeward voyages. We did not, as stated in the article, attend any recent conference at the Shipping Board at which the various companies agreed to maintain differentials between ports and adopted a uniform policy in regard to fixing rates, and know nothing of any such conference having taken place. The only meeting that we did attend was one held during the early winter at the office of the Shipping Board in New York, at which the Raporel Line only was represented. They suggested that we increase our rates 25 per cent. We gave our reasons for declining to favorably consider that proposition. The representative of the Shipping Board thanked us for the frank expression of our views, and that is the last we have heard on the subject.

Mr. Rossbottom also points out the fact that there has never been any refusal on the part of the Panama Railroad Steamship Line to comply with any suggestion of the Shipping Board and that there has been no intimation on the part of the Shipping Board that the Panama Railroad Steamship Line should change its policy or reduce its rates.

He further points out the fact that everything Haiti produces must be sold in a declining market and that everything she purchases must, as a rule, be purchased in a rising market. He says:

If the transportation rates from the United States are increased as the Royal Dutch Line and the Raporel Line desires, it will tend to divert shipments to Haiti from the United States to Canada and Europe, and there is enough diversion of that character going on at the present time because of the unwillingness of the American banking interests to extend the credits which the English banks are freely extending in their efforts to get the trade for Canada and England without our company intensifying that situation by unnecessarily boosting our rates 25 per cent.

Mr. President, I merely desire to say in conclusion that, in my opinion, no policy should be urged or adopted which would drive United States shipping interests out of the Haitian trade, but, on the contrary, a policy ought to be pursued which will enable this Government and its shipping interests to enjoy a fair share of the shipping trade, not only with Haiti but with Central American and South American countries.

Mr. NORRIS. Mr. President—  
The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Nebraska?

Mr. ROBINSON. I yield.

Mr. NORRIS. I would like to inquire of the Senator about this complaint. I understand complaint has been made by a couple of foreign steamship lines against the Panama Railroad Steamship Co., a Government line; that they have not increased

their rates as the complainants desire that they should. Who makes this complaint and where do they propose to try these people for not increasing their rates?

Mr. ROBINSON. The complainants are the Royal Dutch Line, which, of course, is a Holland steamship line, and the Raporel Line, which is said to have been recently taken over by the Clyde Line. These private steamship companies contend that rates which are being charged by the Panama Railroad Steamship Co. are less than the cost of operation to private companies, and that rates should be agreed upon which will virtually prevent competition in this trade. Of course, if such rates should be adopted, the private lines would probably absorb the entire trade by reason of their great activity and by reason of the alliances of the banking interests of certain countries in which these private lines are owned, and that is undoubtedly the motive, in my opinion, lying at the bottom of the complaint.

Mr. NORRIS. To what body or organization or tribunal do they make the complaint?

Mr. ROBINSON. The complaint is made in an article sent out by the Washington bureau of the Journal of Commerce. The declaration is made in the article that the Panama Railroad Steamship Co. attended a conference of the Shipping Board, in which conference the private lines were alleged to have been represented, and they complain further that the Panama Railroad Steamship Co. refused to enter into an agreement which was satisfactory to the private lines mentioned, and that they are in competition with the boats leased by the Shipping Board to the Raporel Line, and perhaps other lines, and in competition with the Dutch Line. But Mr. Rosbottom says that no such conference was attended.

Mr. NORRIS. I understand that.

Mr. ROBINSON. He also declares that no suggestion was ever made to the Shipping Board by the Panama Railroad Steamship Co. that it should adjust its rates to suit the convenience of the private lines mentioned, or that it should reduce its rates in any degree, and points out the fact that the rates to and from Haiti are higher than the rates to and from the Panama Canal Zone, which is 700 miles farther than Haitian ports from the United States.

Mr. NORRIS. It seems to me, if the Senator will permit an observation, that the complaint of these privately owned lines against the Government owned and operated line is that the Government-operated line would not enter into a combination with them to increase rates.

Mr. ROBINSON. Undoubtedly that is one of the complaints; and the increase was to be 25 per cent.

There is another statement in the article which I have not mentioned, but which is of considerable importance as reflecting the purpose of the propaganda which is being carried on through this and similar articles.

I have been informed privately by the Senator from Utah [Mr. Smoot] that the article and the letter can not be printed in the Record.

Mr. SMOOT. The Senator can read them.

Mr. ROBINSON. I understand that I can read them, but I do not want to do that. I ask unanimous consent to print this article and the letter in the Record.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent to have printed in the Record the article and letter referred to by him.

Mr. SMOOT. Mr. President, I shall have to object.

The PRESIDING OFFICER. Objection is made.

Mr. ROBINSON. I have stated the substance of the article and the substance of the letter in detail, and I shall not consume the time of the Senate in reading either of them.

#### ADDRESS BY VICE PRESIDENT MARSHALL.

Mr. PITTMAN. Mr. President, I have in my possession a copy of the speech delivered by the Vice President at the Indiana State Democratic convention, at Indianapolis, on May 20, 1920. While there are a number of positions taken by the Vice President, and a number of constructions with which I do not agree, and with which many Senators do not agree, it is a very able speech, and having been delivered by the Vice President of the United States and the President of this body, I ask unanimous consent that it be printed in the Record for preservation.

Mr. SMOOT. Mr. President, there was so much confusion in the Chamber that I could not hear what the Senator from Nevada said.

Mr. PITTMAN. I have presented the speech by the Vice President of the United States, delivered yesterday, and asked that it be printed in the Record.

The PRESIDING OFFICER. Is there objection? There being no objection, it is so ordered.

The Vice President's address is as follows:

"When last you did me the honor of paying respectful attention to what I deemed it advisable to say to the Democrats of Indiana we were in the midst of a death grapple with the mightiest military organization since time began. Our victory seemingly has been won, but it is for the sober second thought of the American people to determine whether the victory was real or apparent, for the war stripped the world to the skin and permitted us to see all the loveliness of sacrifice and all the loathsomeness of selfishness.

"In the perspective we see marching by a shadowy army of military autocracy, which vainly proclaimed to the world that might made right; and now we see again marching for an onslaught upon our common humanity guerrilla bands, each one of which imagines, if it does not believe, that humanity as constituted to-day is the lineal descendant of Ishmael.

"The world is to be rebuilt and America is to be rehabilitated. Blood lust, passion, envy, greed have disenthroned the reason of many good men, and, the world around, the babel of language by which men hoped to reach heaven has been transmuted into a babel of conduct with a like purpose. Everyone knows what the other fellow should be compelled to do. Few admit any personal responsibility for good government.

"This Republic was a part of the Great War from its very beginning. Since time began no ruler of a great people ever had presented to him such Herculean tasks as the President of the United States confronted in August, 1914, and from that date forward continuously until the signing of the treaty of peace at Versailles; first, how to maintain the traditional neutral attitude of the American people consistent with their rights; then, how to keep our mixed population so at peace as to wage with the full force of the Republic our part in the war for civilization; and, finally, how to preserve the integrity of the American Government and yet deal justly by the world.

"I stand amazed at the wisdom, patience, and fortitude which met, grappled with, and overcame these difficulties. I have no apology to offer for the things which were done in the hour of war. In such an hour not only laws but principles must be temporarily laid aside in the cause of victory and self-preservation.

"Indeed, I need not mention the record made by the Democratic administration, for, aside from the controversy about the treaty of peace and the League of Nations, a Republican legislative administration has for 12 months laid its hand upon nothing and has thought of nothing save a proposal to prevent during an unprecedented scarcity of manufactured products the dumping of foreign-made goods on our markets as an oblation to the great god, Protection, that he will not permit the lowering of prices lest 300 per cent stock dividends may no longer be declared and thus the workman be put upon an equality with the pauper labor of Europe.

"The aftermath of the war in legislative halls would be heart-breaking if it were not humorous. In trumpet tones two years ago Republicans proclaimed that the party of expediency was necessary to the rebuilding of America. Now, I must concede that their party has done something that was never heretofore done in all the history of government. It has put in 12 months of searching investigations of the most minute character and at great expense to show that the victory which we won was really a defeat. No one is going to pay any attention to these investigations. They are a part of the legislative process of American life. We investigate everything from the strike of vast bodies of workmen to the suspension by a school board of a teacher. We subpoena witnesses, hire stenographers, work the Government printing press overtime getting out the testimony, make a report that no one reads, and then forget it.

"It is sufficient to say that there was extravagance in the conduct of the war; I admit it. But governments act like individuals and should be judged in the same way. No man calls for bids on the price of an operation when his wife's life is in danger. He hires a surgeon and pays him what he has to. Governments do the same thing; and I am willing to trust the good sense of the American people to approve of what was done to the end that the war might be brought to a speedy and successful conclusion.

"But all this has nothing to do with the case. The Republican Party has not rehabilitated America. The question now is, To what party will the people commit the work of reconstruction? And, as kindred to that question, What will the Democratic Party say are the lines along which it proposes to accomplish that work?

"There are many men, enthusiastic souls, who say there is no doubt this work will be entrusted to the Democratic Party, and with confidence review its record.



"Consider the Federal reserve act, they argue, without which the war could not have been financed and by which panics are preventable.

"Consider the farm-loan act, which has enabled the farmers to procure loans at 5 per cent on mortgages extending in time up to 35 years.

"Observe how the Democratic Party supplemented the thou-shalt-nots of the antitrust law with the thou-shalts of the income-tax law. Deploing the slow process of the former in curbing the greed of business combinations, it imposed a greater income tax, a surtax, and an excess-profits tax. The workings of the laws have been tested by actual experience, yet in a year's time the Republican Party has found no way to take unnecessary burdens from the shoulders of those who are ill able to bear them and put them on the swollen profits of those who can well afford to bear them.

"Consider how the Democratic Party has prepared all the physical necessities of a vast merchant marine to extend the commerce of the American people.

"Observe its tender solicitude for those who risked their lives in the Army by the enactment of the war-risk insurance.

"Remember the vocational training and the rehabilitation of the men who met with misfortune in the World War.

"Of course, say these enthusiastic men, the American people will not forget these great legislative achievements and will without doubt gratefully return the party to power.

"Be not deceived. Tom Reed was right when he defined gratitude as the lively expectation of favors to come. Too many beneficiaries of the eight-hour law failed to vote the Democratic ticket in 1918 and boasted that no party ever would dare to take it away from them. You can not delude me into the belief that the average man pays any attention to the apple which he has eaten.

"Gentlemen who play politics for a living or as a sport imagine they can present by political platforms moot questions and demand that the American people render judgment upon those and none other. They are mistaken. The issues of a campaign are the things the people are thinking about or what you can get them to think about. No thoughtful man who has conversed with people in different callings of life has ever heard so many questions discussed as are being discussed at the present time. These questions could not be discussed in a brief address. They need not be. One man is opposed to Government ownership of railroads, but insists that the Government should finance them. Another wants the Government to own the roads, but would let the employees run them as they see fit. Some manufacturers justify 300 per cent stock dividends, which, by the decision of the Supreme Court, are not taxable, on the ground of the high cost of labor. Some laboring men justify slowing down on their jobs because their wages are not sufficient to meet living demands. Others hold that the Government should fix the wage and hour and conditions of labor, but that the individual laborer must not be compelled to acquiesce, and, if he does, may treat his employer and the public as though they were his enemies.

"Who now is delivering to the American people the trumpet blast, demanding equal justice for the employer and the laboring man and punishment for the profiteers and stamping the laborer who, obtaining justice, defrauds his employer and the public by failing to do an honest day's work? I can not stop to enumerate these so-called grievances, these so-called rights, to discuss further this almost universal belief that a legislative enactment is an Aladdin's carpet. The party which takes up all these questions, one by one, and proposes a legislative solution of them in an altruistic platform will not succeed.

"If our party is to succeed, it must lay down broad general principles and respectfully ask each individual whether these principles are not right and whether his own desires ought not to be yielded to them for patriotic purposes. In my opinion, certain general principles, honestly considered, will bring to the American people what out of turmoil they are now blindly seeking—peace. I am myself a lifelong lover of peace. So far as I know I entertain no enmity or ill will against a soul on earth. I hope to preach always the gospel of peace, and so I begin at Jerusalem. In the orderly way of such preaching, it is advisable to dispose of my views on our foreign relations.

"What I shall say about the treaty of peace with Germany will be brief, for I have no hope of lighting with my little rush light the Cimmerian darkness which now envelops it. A lifelong advocate of a resort to courts and not to force, I gave my unqualified indorsement to the altruistic views of the President, in the defense of which views he has broken his body.

"My reasons differed from those of many others. I was for the League of Nations because I was impressed with the truth of Goethe's statement that no government is as bad as no government at all. I did not and do not like the forms of government of many of the contracting parties nor the diplomatic views which those forms of government might bring into the League of Nations. But I saw a world in tumult and disorder. I saw as a result of the war the springing up of new democratic governments of weak peoples, helpless as little children. I felt that unless the storms of passion, envy, discontent, ambition, and greed could be calmed by the oil of international discussion and arbitration, the greater fruits of the war would be lost, that the principle of self-determination would be set back for a century. I did not know of the good faith or bad faith of other governments. I had no doubt of our own good faith, and felt assured that the covenant provided a way in which, if we discovered we were losing any of the rights and privileges of American citizens or that our Government was yielding to other Governments any of the duties it owed to its citizenship, we could with honor withdraw from the league.

"No one has deprecated more than I the unfortunate result in the Senate of the United States. It is not mine to get into the inner heart of Senators and determine how much their views have been swayed by personal hatred or by hope of party advantage. The treaty of peace with Germany should be concluded by the President of the United States. It can be concluded, however, only with the advice and consent of the Senate. This was, as I understood it, an American war. The peace should be an American peace. The war could not have been fought successfully as either a Democratic or Republican war. The peace can not bring that real peace which the American people want if it be made either as a Democratic or a Republican peace.

"I still hope that the President and Senate of the United States will reach an accord upon such terms as will enable the treaty to be ratified and a de jure peace to be made with the Government of Germany, but as I grant to no man the right to read me out of the Democratic Party nor to say to me that I can not stand upon its platform, advocate the election of its candidates and vote for them, I myself will not say to any man that his views upon the League of Nations inevitably place him without the Democratic fold.

"To promote peace in America the first thing to be done is to convince the individual that he is the unit of government, and that upon the discharge of his duty in all relations with his fellow men depends the quietude and good order of society, and that he can have the best opportunity for the exercise of his inalienable rights as a man and the discharge of his Heaven-imposed duty by ready acquiescence in the principles upon which the Republic was founded.

"The first of these principles I may state to be that the Government in Washington is a government of delegated powers, and not a guardian whose duty it is to minister to the delinquencies of States and individuals.

"In Washington you may see the beauty of your Capital City marred by innumerable public buildings, made necessary for the conduct of the war. They were erected to house the innumerable boards, commissions, and clerks necessary to its speedy termination. You have been told that they are only temporary structures; that they will be removed and the city restored to its pristine beauty. From the aesthetic standpoint this is hopeful; from the Democratic standpoint it would be more encouraging to the American people if they could be assured that these boards, commissions, and countless officials who have during the war been doing things which even the Kings of England could not have done 200 years ago, shall, now that the war emergency has passed, be razed to the ground and removed as encumbrances from the body politic.

"Human nature excuses but patriotism does not justify the assumption by the General Government, nor the ready acquiescence therein of the state and citizen, of any responsibility which is not inferable from the charter which granted power. And when I say this I am at once confronted with the statement that I am not a progressive. Now, whether I shall confess or deny that charge depends upon what is meant by progress. If being a progressive means that a man traveling along a safe highway and observing that something is wrong with his machine, should conclude that the way to restore the machine is to turn off the paved highway and run upon a country road which leads he knows not whither, rather than get out, adjust the machine, and proceed upon the paved road, then I am not a progressive.

"I believe that the principles upon which the Republic was founded can be applied to every condition of to-day, as they

were applied to conditions fifty and a hundred years ago, and that, by the application of these principles, peace, quietude, good order, and prosperity can be maintained and the old Republic revived.

"I lay down the proposition that from this time forward long and prayerful scrutiny to any addition to the organic law of the land should be given before its adoption. Expediency has added too much already. Public contempt for or lack of interest in the law of the land is the most dangerous menace to free institutions. I was willing to be a Bryan Democrat, content to be a Parker Democrat, glad to be a Wilson Democrat, but I am unwilling to be a Pontius Pilate Democrat.

"Men say we must go forward. To that I do not object. It is to desertion and going over to the enemy that I object. It is not going forward, it is going over the precipice I fear.

"Cool off and tell me, did we go forward when we gave the unlettered colored man the ballot and then spent 50 years in devising plans to deprive him of it?

"Did we go forward when we gave the people the right to nominate and elect their Senators and then broke the bank trying to corrupt the suffrage?

"Did we go forward when we devised the primary and gave to many letters patent on officeholding?

"Did we go forward when we passed the prohibition amendment and then immediately began openly and avowedly to seek ways to evade it?

"I hold that the Democratic doctrine of equal and exact justice to all men and of special privileges to none will meet all the angry and irreconciled views of to-day. The needle points always to the pole. It does not point to the east when the wind is in the east, nor to the west when the wind is in the west. Congress errs when it gives to a howling minority what it wants just to stop the howl. It also errs when a majority adopts for a minority the policy of the stepmother when rearing her husband's large family of children, which was to find out what they do not like and give them plenty of it.

"Equal and exact justice for all men means for minorities as well as for majorities.

"It means also that church and state are not to be reunited in America by subterranean passages. If men are not to have a chance to make a choice between good and evil, they are slaves, however velvety may be the chains of government that bind them. There was more joy in heaven over one sinner that repented than over the ninety and nine who went not astray. And there is no record that even heaven forced any man to repentance. That is where Congress has been trying to beat heaven as a reformatory.

"It is a violation of the principle of equal and exact justice for all men for paid busybodies to feed with vain and idle promises the self-pity of an individual or a class. He who troubles my soul with longings when no angel of healing is nigh robs me of a fair measure of content and naught enriches himself.

"Equal and exact justice for all men demands that the law shall take into consideration the inherent right of the individual to life, to liberty, and to the pursuit of happiness; shall protect the individual in these rights; shall punish him if he interfere with the rights of another; shall separate all citizens into the honest law-abiding and the dishonest lawbreaking; shall let the honest law-abiding alone and shall punish without fear, favor, or affection the dishonest lawbreaking. And to accumulate a mind which believes in these principles, it is time for us to put our flying machines in the hangars of life and realize that while there is less speed there is more safety in walking. Government cure-alls for the divine delinquencies of men are quack medicines which only the bedridden, spineless, and incompetent pessimist will continue to take. Let us brace up. Let us become captains of our own destiny. Let us snap our fingers at the sneering face of adverse fate. Let us go to work. If we can not make a living in 6 hours, let us work 8; if not in 8, let us work 10; if not in 10, let us work 12.

"Let us not delude ourselves into the belief that the currency and credit of this country can double, the population increase, and the production remain at a standstill, and yet that the high cost of living may be reduced and peace, plenty, and prosperity abound in the land. Let us quit talking about the profiteer and begin jailing him. And let the man who works understand that in greater production he benefits himself as well as his fellow man.

"Equal and exact justice to the people of this country was not guaranteed to them under old Republican rule, when it justified special privilege upon the ground of the common good of the American people, for it knew that the legislation was 1 per cent common and 99 per cent preferred. There will not be in the future equal and exact justice if there be but a gamble

between cunning and cupidity. Who doubts that in this enlightened age equal and exact justice applied as a principle would give to labor a fair and honest wage, would demand of labor a fair and honest day's work, would induce both labor and capital to see their duty to the ultimate consumer, would punish the profiteer and teach the laborer that he alone can make of himself a commodity?

"Equal and exact justice means legislation for American citizens. They alone have a right to present their grievances. Their laws should be readjusted in the interests of the entire people. Men are not entitled to equal protection of the law because they are bankers or bakers, ministers or mechanics, lawyers or laborers. For their private good and for the advancement of their own interests they have a perfect right to form, for instance, manufacturing associations and federations of labor, but neither has a right to present a grievance to Congress as a class grievance. It has every right to present it as an American grievance if it be one.

"We all condemn in unmeasured terms that foreign-born man who, having heard that America is a political asylum, has come to our shores with an idea that he can do as he pleases and be treated as a lunatic, though he be a criminal. What is to be the honest answer of every liberty-loving American to the proposal of all sorts of American citizens that this Government has been instituted for the purpose of giving him a benefit at the expense of some one else? Opposed as I was to the hyphen of blood, I must be opposed to the hyphen of class or business or interest.

"It is the purpose of government to act as a yoke and not as a spiked collar. It should enable the people to draw their burdens, not their blood. Its legislation should meet with the ready acquiescence and approval of all good citizens who do not deem the Government to be an eleemosynary institution, devised for the distribution of alms. No man can claim to be a democrat who threatens another with ostracism or starvation because the other does not think or act as he directs. He who tells his Government that legislation is inadvisable, that it is unconstitutional, that, if enacted and held constitutional, he will appeal to the people for its repeal, acts in the spirit of an American. But he who tells his Government that he will not obey his country's law and judgment ceases to be a citizen and becomes an outlaw. Upon the other hand, that government is unworthy to endure which will not listen patiently to the grievance of the lowliest citizen in the land.

"You can not gain the loyalty of the citizens of America until they have made up their minds that the laws of this country shall rest with equal justice and equal force on high and low alike. Nor is it equal and exact justice for power to impose upon minorities a course of conduct simply because it has the power. If it be not just and right, it is the act of a tyrant masquerading as a democrat. As a corollary of the proposition that the laws should afford equal and exact justice to all men, it should be stated that the way to obtain these laws is to enforce whatever the law may be without fear, favor, or affection.

"Everyone in Indiana knows that though I neither use nor serve liquors, and ceaselessly hope that all will abstain from their use as a duty they owe to God and their families, I have not been a nation-wide prohibitionist. The prohibition amendment is, however, a part of the Constitution of the United States, until it shall be set aside by an opinion of the Supreme Court or until lawful ways shall lead to its repeal. Delighted as I am to see the mass of mankind now sober, I could not from the ancient Democratic standpoint have made a speech dealing with the relations of a man to his God and his family and insisted that the State should control them. But the Democratic Party will merit the contempt of the people if it ever stands for the flaunting of a law because certain citizens do not believe in it. While the prohibition amendment remains, it must be enforced in accordance with its provisions. If crystallizing public sentiment does not as the days go by get back of it, the people will find a way lawfully to lessen what some deem to be its rigors.

"Freedom of speech and freedom of the press, now that the war is over, should be restored and punishment should be provided for all those who seek to stir up tumult and disorder or the overthrow of our Government by any other than the orderly processes of the ballot box. The Government owes it to its citizenship not only to enforce the law against the lawbreaker but to protect the citizen in the exercise of his constitutional and inalienable rights. It should let the citizen alone as long as he is pursuing an honest calling in an honest way, and by precept and example it should hold the citizen responsible for the discharge of his duty.



"The Democratic Party should demand that the States take back the discharge of the duties which were reserved to them in the compact made with the General Government. To that end it should pledge its Chief Executive to veto any and every bill which contains an appropriation not warranted by the Constitution of the United States and which is not for the benefit of the people rather than for a limited number thereof.

"It should promise the people that it will not submit any amendment to the Constitution of the United States which further relieves the States of their duty to enforce the police power inherent in the States and to protect the lives and fortunes of their citizens. Who does not know that if the States will resume the duty of overseeing their corporations, compel them to live within their charters, to have no more rights in one State than in another, and annul its charter should one corporation marry another, that many of the evils of the trust would disappear?

"When the expenditures of the General Government shall have been reduced to a minimum, the party should take advantage of the practical workings of past revenue bills so as to impose the burdens of taxation upon those who are best able to bear them.

"The almost obliterated lines dividing the three branches of government should be again clearly drawn. Government by discretion should cease. Boards which make rules, try violations thereof, and enforce punishment should go. They are not democratic. They are benevolent despotisms.

"The country should never forget the debt of gratitude which it owes to all those who were killed, wounded, or disabled in the service of the United States and to the persons dependent upon them. But it should look very carefully before it makes heroism a commodity of national life. To all those who are sound of body and mind, who as children of the Republic offered to die if need be in defense of their country's cause, I have only this to say: You can if you will obtain almost anything you ask from the Congress of the United States. It will be afraid to resist you. But looking back upon your glorious record, I beg you to consider whether you want to go down in history as of the tribe of Nathan Hale or of the tribe of Oliver Twist.

"All legislation and executive conduct inevitably flow from the few principles briefly referred to by me. And now, gentlemen, a word in conclusion: I am deeply grateful to the Democrats of Indiana who have stood loyally by me even when many of them did not agree with me. Age has cooled the ardor of youth, but it has not changed the fixed principles upon which my political life has been founded. For myself I ask nothing save your friendship and your charitable judgment, but I can not contemplate the past without the feeling that there stand around me this day the shades of Hendricks, Vorhees, McDonald, and Turpie, bidding me to call upon the Democracy of Indiana not to remove the ancient landmarks, to hold fast to the faith, to be strong, to acquit themselves like men. Success is desirable, but honor is needful.

"It has been my purpose to discuss principles, not men; but I desire to indorse the candidacy of Senator Taggart for election to the Senate of the United States, not because of our personal, friendly relations, but because I found him, when he was in the Senate, to be honest, competent, and patriotic—a high-grade business man with no entangling alliances such as I deem to be particularly needed now in the reconstruction of governmental policies. In my judgment his country needs him."

#### CAMPAIGN EXPENDITURES.

Mr. WALSH of Montana. Mr. President, the Senator from Utah [Mr. SMOOT] yesterday morning presented to the Senate a newspaper article appearing in the Washington Times referring to a report to the effect that a fund of \$5,000,000 is to be accumulated for the purpose of promoting the candidacy of the Hon. William G. McAdoo for the office of President of the United States, and he invited my attention to it. I am very glad the Senator gave this publicity to the article.

I was so deeply interested in it that I called the attention of the Committee on Privileges and Elections to the matter this morning in connection with its consideration of the resolution adopted yesterday on motion of the Senator from Idaho [Mr. BORAH]. The article to my mind bears intrinsic evidence that it is a fake, but nevertheless it will now undoubtedly have the consideration of that committee.

Mr. SMOOT. I wish to say to the Senator from Montana that I think there is just about as much truth in that article as there was in the article which the Senator presented to the Senate. I do not think there is any truth in either one of them.

Mr. WALSH of Montana. Of course that is a matter of individual opinion. I took it from the Record that the newspaper article to which I referred was introduced upon the suggestion of the Senator from Utah as an ordinary publication.

Mr. SMOOT. It was taken from the Washington Times.

#### LEAGUE OF NATIONS.

Mr. WALSH of Montana. Mr. President, for some time I have had on my desk the report of a subcommittee of the American Bar Association on the League of Nations covenant, appearing in the April number of the American Bar Association Journal. I hesitated to ask that it be printed in the Record, although I believe that everyone will concede that it is a valuable contribution to the literature upon that important subject, and one which the public would read, I think, with avidity.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Idaho?

Mr. WALSH of Montana. I yield to the Senator.

Mr. BORAH. What is the document which the Senator has?

Mr. WALSH of Montana. It is a report made by a committee of the American Bar Association on the covenant of the League of Nations.

Mr. BORAH. It ought to be understood that that report was never adopted by the American Bar Association.

Mr. WALSH of Montana. Oh, certainly; it has never been acted on. The report was submitted and remains for action before the bar association. It was published in the Journal of the bar association for the month of April.

Mr. BORAH. I have a letter from the secretary of the bar association, stating emphatically that that must not be deemed as representing the views of the American Bar Association.

Mr. WALSH of Montana. By no means; the Senator is correct, and I have no purpose to represent it as being the work of the bar association. A committee was appointed to make a report upon the covenant, and this is the report of that committee, which still remains before the association for action. I ask unanimous consent that it may be printed in the Record.

Mr. SMOOT. Mr. President, I shall have to object.

Mr. WALSH of Montana. Then I move that the report of the committee referred to, as the same appears in the April number of the Journal of the American Bar Association, be printed in the Record.

The PRESIDING OFFICER. The question is on the motion of the Senator from Montana.

Mr. SMOOT. During the morning hour the Senator can not under the rule make that motion.

The PRESIDING OFFICER. The Chair is of opinion that the motion is in order after 1 o'clock.

Mr. REED. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. REED. Under what order of business are we proceeding?

The PRESIDING OFFICER. Under the presentation of petitions and memorials.

Mr. REED. I call for the regular order.

The PRESIDING OFFICER. The motion is made under the regular order for the presentation of petitions and memorials.

Mr. REED. It is not a communication to the Senate of the United States or the Congress of the United States. It is a communication to the American Bar Association.

Mr. WALSH of Montana. I submit it as a petition.

The PRESIDING OFFICER. The Senator from Montana submits it as a petition.

Mr. REED. But that does not make of it a petition. If A addresses B and the Senator wants to present it, that does not make it a communication of A or B to Congress. We are under the order of presentation of petitions and memorials. That means a petition or memorial addressed to the Congress of the United States.

The PRESIDING OFFICER. If the Senator from Missouri insists upon a ruling, the present occupant of the chair will have to rule that it is neither a petition nor a memorial.

Mr. WALSH of Montana. Mr. President, I desire to say in this connection that never in my experience in the Senate, now extending over a period of more than seven years, has any such restricted construction been given to either the term "petition" or "communication" as used in the rules. These matters are always presented at this time as expressive of the views of individuals or of bodies. For example, there are introduced here at this hour and under this order of business telegrams which are not in the nature of formal petitions.

If the rule is to be given any such interpretation as is contended, it will be next to impossible to get any expression from

the people of the United States upon matters of very great importance that are pending before us. In other words, if a citizen of the United States can not be heard upon important matters that are pending before this body except his communication be prepared by a lawyer and put in formal shape, addressed duly to the Congress of the United States or the Senate of the United States and the signature thereto be properly authenticated, the whole value of the right of petition is utterly destroyed.

I can not believe, Mr. President, that any occupant of the chair is going to give such a restricted construction to the rule.

Mr. SMOOT. There is no objection to the Senator offering it as a petition, if that is what he wants to do, and having it referred to the proper committee, but every telegram referred to by the Senator of late has been read into the RECORD, or it has simply been received and referred to the proper committee. That is the rule which has been followed for some time.

Mr. WALSH of Montana. That is, of course, another matter.

The PRESIDING OFFICER. The Chair would like to make a statement in connection with what the Senator from Montana has said.

The present occupant of the chair does not remember that this question has ever been raised. The Chair is well aware of the practice referred to by the Senator from Montana, but if the question is raised, and it has been raised by the Senator from Missouri, the Chair would call the attention of the Senator from Montana to the fifth paragraph of Rule VII, which, as clearly as language can make it, signifies that under this heading a petition or memorial must be addressed to the Senate.

Mr. SMOOT. And shall be "referred without debate" to the appropriate committee.

Mr. McCUMBER. Mr. President, as bearing upon the suggestion made by the Chair, we are constantly receiving telegrams from societies and organizations, which telegrams are addressed to a Senator only, but, of course, it is understood that they are addressed to the Senator as a Member of the Senate, and when they refer to legislation before the body would not the Chair hold that to be equivalent to a petition to the Senate itself?

The PRESIDING OFFICER. The Chair probably would, but this communication, as the Chair understands, does not comply with the fifth paragraph of Rule VII.

Mr. McCUMBER. Of course, I do not know the form of the particular communication under discussion.

Mr. WALSH of Montana. That is very simple. I will sign it. Now, what is the objection to it? I offer the following communication and ask that it be printed in the RECORD.

Mr. REED. Mr. President, there is no intention in the rule that a Member of the body can present a petition or memorial for himself. That is not the meaning of the rule. A Senator has the right always on the floor to say anything he pleases that is parliamentary and to present any bill he desires or any measure for relief. He does not need to present petitions and memorials to the Senate. The rule for the presentation of petitions and memorials is to preserve to the citizen the right to send his petition to this body. You can not make a communication from A B to C D a petition to this body by a Senator merely signing it.

If the rule now contended for by my distinguished friend were to obtain, then I or any other Senator can present to this body as petitions and memorials all the editorials and all the news that may be printed in all the newspapers, and though they are not addressed to the Senate he can make them his own petition and his own memorial by presenting them in that form. It does away with the rule and the purpose of the rule.

I have no special objection to this particular article. I have not heard it. I have only read a synopsis of it in the newspapers.

Mr. WALSH of Montana. It would do the Senator good to read it.

Mr. REED. Perhaps it would. Perhaps it might do the gentleman who wrote it some good to have read one of my speeches. That is just as likely.

Mr. BORAH. And it would have just about as much effect.

Mr. REED. And it would have just about as much effect on one as the other, as is suggested. The truth about the matter is that if this matter is permitted to be introduced then the door is wide open for all the literature on the subject to be presented as a petition or memorial.

John Jones writes an article for a magazine and some Senator says, "I present the article of John Jones"—it is not addressed to Congress at all, but is addressed to the American people—"as a petition to Congress." You can not make a watermelon out of a pumpkin by changing its name; it is the

same vegetable. This is not a petition to Congress and was not addressed to Congress. If the Senator from Montana is offering it himself wants to present his own views, he has the opportunity, and he has done so a great many times and to the great information and delight of the Senate.

It seems to me, Mr. President, this debate ought not to be prolonged, though I have taken my share of the time. The Senator from Wyoming [Mr. KENDRICK] has given notice that he intends to address the Senate this morning, but the time has been taken up, not in the introduction of bills but in debate over various matters.

The PRESIDING OFFICER. Does the Senator from Missouri make a point of order?

Mr. REED. I make the point of order that this is not a petition or memorial which is addressed to Congress, that it is out of order at this time, and that, in any event, it must be referred to a committee.

Mr. WALSH of Montana. Mr. President, I have no objection to its being referred to a committee; that is not the point. I have moved, under the provisions of Rule XV, that the matter be printed.

The PRESIDING OFFICER. The motion of the Senator from Montana is not in order unless the communication itself is in order under the present order of business. The Senator from Missouri makes the point of order that it is not in order, and the Chair sustains the point of order.

Mr. WALSH of Montana. Mr. President, I appeal from the decision of the Chair.

Mr. REED. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Harding	McKellar	Simmons
Beckham	Harris	McNary	Smith, Ariz.
Borah	Harrison	Nelson	Smith, Md.
Brandegge	Henderson	New	Smoot
Calder	Jones, N. Mex.	Norris	Stanley
Capper	Jones, Wash.	Nugent	Sterling
Chamberlain	Kellogg	Overman	Townsend
Comer	Kendrick	Page	Trammell
Culberson	Kenyon	Phelan	Underwood
Curtis	Keyes	Pittman	Wadsworth
Dial	King	Pointdexter	Walsh, Mass.
Edge	Lenroot	Ransdell	Walsh, Mont.
Elkins	Lodge	Reed	Warren
Gay	McCormick	Robinson	Williams
Hale	McCumber	Sheppard	

Mr. UNDERWOOD. I wish to announce that the junior Senator from Virginia [Mr. GLASS] is necessarily detained from the Senate.

Mr. MCKELLAR. The senior Senator from Virginia [Mr. SWANSON], the Senator from Colorado [Mr. THOMAS], and the Senator from Montana [Mr. MYERS] are absent on official business.

Mr. CURTIS. I have been requested to announce the absence of the Senator from Colorado [Mr. PHIPPS] on account of illness. I will let this announcement stand for the day.

The PRESIDING OFFICER. Fifty-nine Senators have answered to their names. A quorum is present. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. SMITH of Arizona. Mr. President—

The PRESIDING OFFICER. The question is not open to debate, the original question not being open to debate.

Mr. SMITH of Arizona. I should like to make a brief statement, if I may be permitted to do so, and I ask unanimous consent for that purpose.

The PRESIDING OFFICER. The Senator from Arizona asks unanimous consent to make a brief statement. Is there objection? The Chair hears none, and permission is granted.

Mr. SMITH of Arizona. Mr. President, when I was chairman of the Joint Committee on Printing I tried, with the co-operation of the Senator from Utah [Mr. SMOOT], to make every honest effort to prevent printing outside matters in the CONGRESSIONAL RECORD. I regret to notice that for the past six or seven months, it seems to me, of this session of Congress everything that any Senator has pleased to have printed, including newspaper articles and even private letters and private telegrams, has gone into the RECORD, until absolutely we have brought about a shortage of print paper in the United States by trying to print outside matter in the RECORD.

Mr. SMOOT. That has been stopped, however, in the last two months.

Mr. SMITH of Arizona. I arose to ask the Senator from Utah whether we are to be met, as we were met then, by the Senate voting to print outside matter in the RECORD. At the



time to which I refer the Senate did not sustain us in our efforts, and we both quit the fight. If it is the purpose now to prevent the inclusion of extraneous matter in the Record, I will stand, as I have invariably stood heretofore, with the Senator from Utah in keeping the CONGRESSIONAL RECORD as a record of the proceedings of the Senate, so far as this body is concerned, and to keep everything else out of it except those matters which the rules permit to be printed.

Mr. SMOOT. Let me say to the Senator from Arizona that about two months ago I consulted the Senator from Massachusetts [Mr. LODGE], the leader of the majority, and the Senator from Nebraska [Mr. HITCHCOCK], the acting leader of the minority of the Senate at that time, and told them of the conditions confronting the Government in relation to paper, advising them at the same time that if the practice which had been pursued for months past, and to which reference has just been made by the Senator from Arizona, was continued, we would not be able to secure paper to publish the CONGRESSIONAL RECORD, and even now I do not know how long we shall be able to do so.

It was agreed by the Senator from Massachusetts and the Senator from Nebraska that, no matter what request might be made for printing in the Record of extraneous articles, an objection should be made, and so, for the last few months, that policy has been followed with the exception, I think, of two cases, and in those two instances I was not in the Chamber when the request was made.

Mr. SIMMONS. The regular order, Mr. President.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Montana?

Mr. SMITH of Arizona. Yes.

Mr. WALSH of Montana. If the Senator will pardon me, I desire to restate what I said a while ago that I have offered the article referred to by me only because on yesterday the Senator from Utah, notwithstanding his remarks now made, read into the Record a newspaper article of considerable length.

Mr. SMITH of Arizona. Senators in their own time can still do that, and we can not prevent it.

Mr. WALSH of Montana. He did not ask that it be printed, but read the article.

Mr. SIMMONS. Mr. President, I rise to a point of order. I suggest that debate is out of order.

The PRESIDING OFFICER. The Senator from Arizona has been granted unanimous consent to proceed, and the Senator from Arizona is in order.

Mr. SMITH of Arizona. I merely wish to say in conclusion that if the purpose is as indicated by the Senator from Utah and the Senate will stand by the committee in its efforts, I shall oppose, as I have heretofore opposed, printing anything in the Record except in conformity with the rules of the Senate.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate? [Putting the question.] The "ayes" have it, and the decision of the Chair stands as the judgment of the Senate.

#### REPORTS OF COMMITTEES.

Mr. ROBINSON, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

A bill (S. 4326) for the relief of George F. Ramsey (Rept. No. 614);

A bill (S. 4327) for the relief of H. B. Banks (Rept. No. 615); and

A bill (S. 4328) for the relief of Roach, Stansell, Lowrance Bros. & Co. (Rept. No. 616).

Mr. HENDERSON, from the Committee on Claims, to which was referred the bill (S. 1313) for the relief of Francis Nicholson, reported it with an amendment and submitted a report (No. 618) thereon.

Mr. PHELAN (for Mr. HENDERSON), from the Committee on Claims, to which was referred the bill (S. 4250) for the relief of John B. Elliott, reported it without amendment, and submitted a report (No. 619) thereon.

Mr. SHERMAN, from the Committee on the District of Columbia, to which was referred the bill (S. 4400) to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended, asked to be discharged from its further consideration, and that it be referred to the Committee on the Judiciary, which was agreed to.

#### SUNDRY CIVIL APPROPRIATIONS.

Mr. WARREN. From the Committee on Appropriations I report back favorably with amendments the bill (H. R. 13870) making appropriations for sundry civil expenses of the Govern-

ment for the fiscal year ending June 30, 1921, and for other purposes, and I submit a report (No. 617) thereon. I give notice that I shall ask at the earliest opportunity to take up the bill and to proceed with its consideration.

The PRESIDING OFFICER. The bill will be placed on the calendar.

#### ODONTOLOGIC LATIN-AMERICAN CONGRESS.

Mr. WARREN. Yesterday the Chair laid before the Senate a message from the President of the United States, transmitting a letter from the Secretary of State submitting a report with reference to an invitation of the Uruguayan Government to the first Odontologic Latin-American Congress at Montevideo September 18-23, 1920, and it was referred to the Committee on Appropriations and ordered to be printed. I move that the Committee on Appropriations be discharged from the further consideration of the message from the President of the United States, and that it be referred to the Committee on Foreign Relations.

The motion was agreed to.

#### GARDEN CITY (KAN.) WATER USERS' ASSOCIATION.

Mr. McNARY. From the Committee on Irrigation and Reclamation of Arid Lands I report back favorably with amendments the bill (S. 3852) for the relief of the Garden City (Kans.) Water Users' Association, and for other purposes, and I submit a report (No. 613) thereon.

Mr. CURTIS. I ask unanimous consent for the immediate consideration of the bill just reported by the Senator from Oregon. It is very short, and has been passed by the Senate twice heretofore.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were, in line 3, after the word "contracts," to insert "affecting lands in the Garden City project of the Reclamation Service in Finney County, Kans.," in line 6, after the word "water," to strike out "for" and insert "from"; and at the end of the bill to strike out:

Sec. 2. That the Secretary of the Interior shall make to Congress a statement of the expenditure connected with this reclamation project and the amount received from its sale—

So as to make the bill read:

*Be it enacted, etc.,* That the contracts affecting lands in the Garden City project of the Reclamation Service in Finney County, Kans., heretofore entered into between the Finney County Water Users' Association of Finney County, Kans., or with individual landowners, and the Secretary of the Interior for the supply and use of water from the irrigation plant of the United States be, and the same are hereby, canceled and relieved; and the liens upon the land in said county created by such contracts are hereby released and discharged.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 4425) remising, releasing, and quitclaiming to Thomas R. Burnham and Phillippa D. Burnham, husband and wife, all right, title, interest, or claim of the United States in and to the east half of the west half of arpent lot No. 81, in Pensacola, Fla. (with accompanying papers); to the Committee on Public Lands.

By Mr. TRAMMELL (for Mr. FLETCHER):

A bill (S. 4426) for the relief of Henry W. Reddick; to the Committee on Claims.

By Mr. HARRIS:

A bill (S. 4427) granting the consent of Congress to the city of Columbus, in the State of Georgia, to construct a bridge across the Chattahoochee River; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 4428) authorizing the appointment of Ira Franklin Sproule as captain in the United States Army; to the Committee on Military Affairs.

By Mr. WARREN:

A bill (S. 4429) to legalize and ratify taxes imposed by the Philippine Legislature in section 1614 of the act No. 2657, approved February 24, 1916; to the Committee on Finance.

By Mr. SHERMAN:

A bill (S. 4430) to amend section 115a of an act entitled "An act to establish a code of law for the District of Columbia," as amended; to the Committee on the District of Columbia.

By Mr. McCORMICK:

A bill (S. 4431) to authorize the construction of a bridge across the Rock River, in Lee County, State of Illinois, at or

near the city of Dixon, in said county; to the Committee on Commerce.

By Mr. PHELAN:

A bill (S. 4432) to provide for awarding decorations, devices, or insignia to the next of kin of deceased persons who would have been entitled to receive the same, and making it unlawful for anyone other than the person authorized to do so to wear such decoration, device, or insignia; to the Committee on Military Affairs.

By Mr. UNDERWOOD:

A bill (S. 4433) granting certain lands to the State of Alabama for the use of the insane hospital for the colored; to the Committee on Public Lands.

#### NAVAL TRAINING STATION, GREAT LAKES, ILL.

Mr. McCORMICK submitted the following resolution (S. Res. 371), which was read and referred to the Committee on Naval Affairs:

*Resolved*, That the Committee on Naval Affairs, by subcommittee or otherwise, is hereby authorized and directed to visit and inspect the Naval Training Station, Great Lakes, Ill., and to investigate and report to the Senate as soon as practicable—

(a) The extent, value, and cost of the improvements made at the Naval Training Station, Great Lakes, Ill., since April 6, 1917.

(b) The description, value, and cost of the lands, buildings, and other property purchased, leased, or otherwise acquired for such additions and improvements, the manner of purchasing, leasing, or otherwise acquiring such lands, buildings, or other property, the method of making compensation therefor, and the use and disposition thereof.

(c) Such additional matters relating to the control, administration, and conduct of such station since April 6, 1917, as the committee may deem advisable.

Sec. 2. Such committee is hereby authorized during the Sixty-sixth Congress to sit during the sessions or recesses of the Congress at Washington or at any other place in the United States; to send for persons, books, and papers; to administer oaths; and to employ a stenographer to report such hearings as may be had in connection with any subject which may be before such committee, such stenographer's service to be rendered at a cost not exceeding \$1 per printed page; the expenses in carrying out the provisions of this resolution to be paid out of the contingent fund of the Senate.

#### WITHDRAWAL OF PAPERS.

On motion of Mr. SHERMAN, it was

*Ordered*, That the papers accompanying the bill S. 2156, Sixty-sixth Congress, first session, granting an increase of pension to Madison O. Rose, be withdrawn from the files of the Senate, no adverse report having been made thereon.

On motion of Mr. BECKHAM, it was

*Ordered*, That the papers accompanying the bill S. 1513, Sixty-sixth Congress, first session, granting an increase of pension to Joseph M. Gibbons, be withdrawn from the files of the Senate, no adverse report having been made thereon.

#### RIVER AND HARBOR APPROPRIATIONS.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11892) making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JONES of Washington. I move that the Senate insist upon its amendments, agree to the conference asked for by the House, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. JONES of Washington, Mr. McNARY, and Mr. RANSDELL conferees on the part of the Senate.

#### INCOME AND PROFITS TAX RETURNS.

Mr. HARRIS. Mr. President, I move that the Committee on Finance be discharged from the further consideration of Senate joint resolution 146, directing the Secretary of the Treasury to furnish the Senate certain detailed information secured from income and profits tax returns of the taxable year 1918.

The PRESIDING OFFICER. May the Chair inquire whether this motion was made on a previous day?

Mr. HARRIS. I entered a motion a few days ago to discharge the Committee on Finance from the consideration of the joint resolution.

Mr. SMOOT. Mr. President, the Senator from Georgia moved on the last legislative day, as I understand, that the Committee on Finance be discharged from the further consideration of Senate joint resolution 146. A meeting of the Finance Committee was called for this morning, and it was called at a time when it was not known that a Democratic caucus was to be held this morning. It was therefore impossible to secure a quorum. A meeting will be called, not only on this matter but on several other matters, for to-morrow or Monday, and I am quite sure that a few amendments will have to be made to this joint resolution; and I will say to the Senator from Georgia that there is no necessity for asking that the com-

mittee be discharged from the consideration of this joint resolution.

Mr. HARRIS. Mr. President, it has been nearly six months since I introduced this measure in its original form. The Senator from Utah objected several times to unanimous consent for its consideration, and then the Chair ruled that as originally submitted it was not in order and that it would have to be introduced in the form of a joint resolution. The Senator from Utah, if I mistake not, said that he would not oppose this measure as a joint resolution.

The joint resolution has been before the Senate Finance Committee since January. There are certain Senators here who object to its consideration. The resolution simply asks for information for the Senate as to profits taxes and income taxes on corporations for the past three years. It is similar to a resolution that was adopted by the Senate several years ago. I shall not be able to be here next week; important business will call me from the city, and I shall insist upon a vote on this joint resolution to-day.

I ask for the yeas and nays on the motion to discharge the committee.

Mr. SMOOT. Mr. President, of course if the Senate wants to discharge the Finance Committee from the consideration of this joint resolution, well and good; but the Senator knows that the chairman of the committee has been absent, on account of illness, every day since the introduction of this joint resolution, and the committee has not met regularly. As soon as my attention was called to the request made by the Senator I asked the secretary of the committee to call a meeting for this morning. When certain amendments are made to the joint resolution I have no objection whatever to having the committee report it out and having it considered; but I think it is not showing due respect to a committee to try to force the joint resolution out of that committee now after the statement that I have already made.

Mr. HARRIS. Mr. President, Members of the Senate talk about the high cost of living and the profiteers, and denounce them, and say everything possible against them, but Congress has not done anything to prevent profiteering. This is a joint resolution that will simply show to the country what the profiteers are making. If the Senate of the United States wants to go on record as opposing giving that information to the people, it has a perfect right to do so.

Mr. SMOOT. That is not the question now at all. As I say to the Senator, the reason why I objected to his original resolution was that it was a Senate resolution, and it was an attempt to amend the existing law by a Senate resolution. I claimed that that could not be done, and when the point of order was made against it the Vice President sustained the point of order. Then the Senator introduced this joint resolution, and it went to the committee. No one that I know of is objecting if it is going through in the proper way; and there is nothing asked for here, with the exception of giving information for the year 1918, that is not in Public Document No. 259.

Mr. NORRIS. Will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Nebraska?

Mr. HARRIS. Certainly.

Mr. NORRIS. I suppose this is the joint resolution which the Senator introduced on account of the failure of the Senate resolution that he submitted last January. Am I correct?

Mr. HARRIS. It is. The Senate resolution was ruled out of order.

Mr. NORRIS. I want to say that I always thought that the decision of the Chair was wrong when he ruled on the Senate resolution which the Senator introduced at that time. In my judgment it was not a change of law, and the resolution of the Senator was proper, and I thought it ought to have been passed; but the decision was otherwise, and we have abided by it. The Senator has taken the course mapped out to him then, and has introduced a joint resolution. It was debated at that time. Nobody has objected, except in a technical way; and I thought at the time the Senator ought to have appealed from the decision of the Chair, and ought to have taken the judgment of the Senate on it. This course, however, was taken. The Senator has followed the course that was outlined to him then as the proper course. He has introduced this joint resolution. I do not think it is any insult to the committee to take the joint resolution away from the committee.

It has been before the committee since January. The substance of it was discussed at that time on two or three occasions; and I know that if I were a member of the committee or its chairman I would not have any objection whatever to the discharge of the committee. It is true that the chairman is absent. He has been very busy; everybody knows that he has



been overworked; but that is not any reason why the Senate should wait in seeking this information.

I do not believe the chairman of the committee would have any objection to having this joint resolution put on the calendar, as the Senator's motion would have the effect of doing, and I hope the Senator will insist on his motion.

Mr. HARRIS. Mr. President, I will state that the reason why I did not appeal from the decision of the Chair at that time was the statement of the Senator from Utah that he would have no objection to the passage of this measure if it was in the form of a joint resolution.

Mr. SMOOT. I will say to the Senator again that I have not any objection; but, as I stated before, I know there are amendments to it that the Senator himself will agree to, because the wording here on page 2 makes it next to impossible to carry out. I am not going to object to the consideration of the joint resolution.

Mr. BORAH. Mr. President, this motion is only to put it on the calendar, is it not?

Mr. NORRIS. The effect of the Senator's motion, if carried, would be to put the joint resolution on the calendar. That is its only effect. Then the Senator will have to move to take it up afterwards, and it will be subject to amendment when it comes up if there is anything wrong about it.

Mr. SMOOT. There is no need of having it appear upon the RECORD that the Finance Committee of this body is not going to consider the joint resolution. The committee is going to consider the joint resolution. We would have reported it out to-day if it had not been for the Democratic caucus; and I am not complaining of that, because I want to say that when I learned of it this morning I did not expect any of the Democratic members to be in attendance upon the committee.

The PRESIDING OFFICER. The question is upon the motion of the Senator from Georgia.

Mr. HARRIS. Mr. President, I should like to have the joint resolution amended by adding the year 1919, so that it will cover the years 1918 and 1919.

The PRESIDING OFFICER. The motion is not in order at this time.

Mr. NORRIS. Mr. President, may I suggest to the Senator from Georgia that his motion, as I understand, is simply to discharge the committee and to place the joint resolution on the calendar.

Mr. HARRIS. That is my purpose.

Mr. NORRIS. I would suggest to the Senator, to avoid any debate, that he offer no amendment to it now. When he gets it up from the calendar it will then be subject to amendment.

Mr. HARRIS. Then I withdraw the amendment.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia.

Mr. SMOOT. Mr. President, before the question is put I want to say to the Senator from Georgia that it was my intention, if we could get the joint resolution out to-morrow morning, to ask unanimous consent for its consideration. If the Senator from Georgia insists, and the Senate wants to discharge the Finance Committee, it can do so, but it will not hasten the consideration of the resolution.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia to discharge the Committee on Finance from the further consideration of Senate joint resolution 146. Upon that question the Senator from Georgia demands the yeas and nays.

The yeas and nays were ordered.

Mr. TOWNSEND. Mr. President, did I understand that a member of the Finance Committee, the Senator from Utah [Mr. SMOOT], stated that he intended to ask the committee to act upon this joint resolution to-day, and would do so to-morrow if this vote should be postponed?

Mr. SMOOT. There is no question about it. This is simply an effort to make it appear that the Finance Committee is objecting to the consideration of this joint resolution, and it is not so. That is all there is to it.

Mr. TOWNSEND. I will state what I had in mind. I think the Senator from Georgia is entitled to consideration of his joint resolution, and I want to vote to give him that opportunity; but if the Committee on Finance has not had its attention called to the matter before, and it had intended to have a meeting to-day, and was prevented from holding one because of the absence of members of the committee, and is to have a meeting to-morrow, I want to ask why the Senator from Georgia could not refrain from pressing this matter until to-morrow, and allow the committee to report on the joint resolution and put on such amendments as may be necessary? It seems to me that that is the orderly procedure, and can not reflect on anybody.

I can assure the Senator that I am very much in favor of getting action on the joint resolution, but I would rather have it come up in an orderly way, inasmuch as there is no disposition proven here to delay a report upon it.

Mr. SMOOT. I will say to the Senator from Michigan that I had forgotten all about the joint resolution until the notice was given by the Senator from Georgia.

Mr. LODGE. Mr. President, I can see no possible reason why the joint resolution should not be passed. It seems to me a perfectly proper one. I understand the Committee on Finance had a meeting this morning for the purpose of reporting it out, and intend to have another meeting to-morrow to report it out. There is no opposition to it. It appears to me to be rather unnecessary to treat the committee in this way. I do not think it would facilitate the passage of the joint resolution particularly. I think it ought to be brought out to-morrow and disposed of.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia, on which the yeas and nays have been ordered.

Mr. NUGENT. Mr. President, do I understand that there will be a meeting of the Committee on Finance to-morrow?

Mr. SMOOT. A meeting will be called for to-morrow morning, with a view of considering this very joint resolution; and I will say to the Senator that the meeting which was called for this morning was to consider the joint resolution, but, of course, it was impossible to secure a quorum, as the Senator knows.

Mr. SIMMONS. Mr. President, I hope that under the circumstances the Senator from Georgia, with the assurance given by the Senator from Utah, who is acting chairman of the committee, will not press his motion at this time. I think it is very clear that the Finance Committee has been a little remiss in not acting upon the joint resolution earlier. The statement was made that a meeting of the committee was called for this morning for the purpose of acting upon it and that a quorum could not be had. It is well known that the Democratic Members of the Senate were in conference this morning and did not attend. As far as I was personally concerned, I did not have notice of the committee meeting, but if I had I would not have attended it this morning. I think, in view of the statement of the Senator from Utah, the Senator from Georgia ought not to insist upon his motion to-day. If the committee does not report to-morrow, then I think the Senator would be entirely justified in insisting upon his motion.

Mr. SMOOT. Absolutely.

Mr. HARRIS. Then, Mr. President, with the understanding that the joint resolution will be considered to-morrow, I will let the matter go over. I want to say that I mentioned it to the acting chairman of the Finance Committee when I called up the resolution. I have tried to get a vote on this resolution a number of times, and the Senator from Utah every time has objected to the consideration of the resolution by unanimous consent. It has been brought up, I know, several times.

Mr. SMOOT. I did not hear what the Senator said.

Mr. HARRIS. I will let the matter go over until to-morrow.

The PRESIDING OFFICER. Without objection, the matter will be passed over. The morning business is closed.

#### FEDERAL SUPERVISION OF LIVE-STOCK MARKETING.

Mr. KENDRICK. Mr. President, for some months I have been very much interested in a measure reported last February by the Committee on Agriculture and Forestry for the supervision of the meat-packing industry, and have been in hopes, along with a number of other Senators, that we might have consideration of this legislation before the close of this session.

None of us who have been interested in this bill, known as Calendar No. 386, Senate bill 3944, has had the least intention or disposition to impede the progress of any other necessary legislation, but we have made every effort to facilitate and pass such legislation. Even now I should be disinclined to take any action here which would jeopardize such legislation, but from my viewpoint it is unnecessary to interfere with action on any other measure to take time to consider that which we have proposed.

While I have no authority for such a statement, I feel justified in the assertion that every Democratic Senator in this Chamber would be willing and ready to vote to take up this measure and consider it before adjournment, and I am in hopes that before we do conclude this session we can bring the matter to a vote and determine the action of the Senate upon what I believe to be as important a piece of legislation as has been presented here in many years.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER (Mr. KENYON in the chair). Does the Senator from Wyoming yield to the Senator from North Carolina?

Mr. KENDRICK. I yield.

Mr. SIMMONS. I am very glad to have heard the remarks of the Senator, and I think he can safely state that every Senator on this side of the Chamber would support him in a motion to take up the bill; and if there is any trouble about time, I feel equally as secure in saying that every Senator on this side of the Chamber would support a proposition on his part to fix a day for a vote upon the bill.

Mr. KENDRICK. Mr. President, I thank the Senator for his statement, and I want to say, in addition, that it would be entirely agreeable to me, as one of those who favor this legislation, to agree upon a date on which a vote might be taken very shortly after the measure was brought up for consideration, and, as I have already stated, I see no reason why it should interfere in the least with other necessary legislation.

Mr. President, the measure providing for Federal supervision of the meat-packing industry, to which I address my remarks to-day, has to do with the most important of all the industries in the United States. This is true not only by reason of the nature of the product itself—an elementary factor in the food supply of the Nation—but also by reason of the volume and extent of the business.

It is difficult to convey a correct impression of all that the industry means to the country. It may be pointed out, however, that the United States census report for 1914 places the slaughtering and packing of meat first among the 10 leading industries of the country. The value of the products of the meat-packing houses of the United States in 1914 was placed by the Census Bureau at \$1,651,965,424. That was almost, if not quite, twice as large as the value of the output of all the iron and steel works and rolling mills in the country for the same year. It was greater than the combined output of all the flour and grist mills and all the lumber and timber mills. It was almost three times greater than the value of all the cotton goods manufactured in the United States during the same period. Year by year the meat-packing industry has increased in importance until to-day it may be truthfully said that it far outranks all the other commercial industries in America. Indeed, the assertion was made before the Committee on Agriculture and Forestry in 1919 by Mr. Levy Mayer, of Chicago, chief counsel for Armour & Co., that in his judgment the big packers "do as much business as the railroads in dollars and cents."

While it is true, of course, that most of the trading in live stock is done at 14 principal market centers situated at Chicago, Kansas City, Omaha, St. Louis, St. Joseph, Sioux City, St. Paul, Indianapolis, East Buffalo, Milwaukee, Denver, Fort Worth, Oklahoma city, and Wichita, the Bureau of Markets has compiled statistics covering the movement of live animals to 69 American markets. These figures show that during the year 1919 more than 97,000,000 animals went to slaughter in these yards. To state it in another way, there were more animals killed for food last year in our American markets than there were men, women, and children in the country in 1913.

The valuation of these enormous herds is placed by the Bureau of Markets at more than five and a quarter billions of dollars. On a single average market day, Mr. President, the total value of the animals sold in these markets is more than \$25,000,000.

It is almost impossible to comprehend the real meaning of figures of this kind, and the magnitude of the industry may be better visualized, perhaps, if attention is called to the size of the largest of these markets, namely, the Chicago Union Stock Yards. This vast plant, largest of all the markets, covers an area of 820 acres. The packing plants alone cover 320 acres, or half a square mile, while the pens, barns, and other buildings utilized for handling the live animals are 500 acres in extent.

During the year 1919 the live stock received at this market was valued at approximately \$900,000,000. During the previous year, when the producers of the country were increasing their output in order to supply the Allies, the value rose toward \$1,000,000,000. On an average Tuesday last year more than 63,000 animals were received in this yard alone, and the sales on such a day amounted to \$4,000,000.

This, Mr. President, briefly, is the record of the largest of the stockyards. When we add to the receipts at Chicago the receipts of the other 13 principal market centers already enumerated we find that of the 97,000,000 animals that were sold last year in 69 markets, 70,000,000, or 72 per cent, were handled in 14 markets.

These figures tell only the story of the animals going to market. Out on the farms and ranges there are vast herds

preparing for market. The estimated value of these at the present time, according to the Department of Agriculture, is more than \$8,800,000,000; their number—hogs, cattle, and sheep—is placed by the Bureau of Crop Estimates at the stupendous total of almost 200,000,000 head. (Monthly Crop Reporter, March, 1919, p. 31.)

And so, Mr. President, we are dealing with an industry the great magnitude of which few men who have not known it intimately have even imagined. Every year into these markets pours a steady stream of live stock that often assumes the proportions of a torrent. Like a great river, it derives its flow from many apparently insignificant and unimportant sources. From distant and isolated farms come shipments varying in size from a single carload to long trainloads. An unnumbered host of shippers, unorganized and absolutely independent, produce the millions of animals which go to supply the table of the American consumer.

The great bulk of this product is developed west of the Mississippi, while the great bulk of the population which consumes the product lives east of that river.

#### CONCENTRATION OF CONTROL BY PACKERS.

The fundamental problem of this industry, therefore, has been one of distribution. Because the meat animals had to be transported from the sparsely settled producing areas of the West to the thickly settled consumption centers in the East the live-stock markets and packing houses sprang into existence in the Middle West. Their chief instrument of distribution was, of course, the railroad. Unfortunately, however, the development of the industry took place at a time when the railroads of the country were given over to practices that would not now be tolerated, and economic history reveals the fact that railroad rebates and similar discriminations so common 30 years ago served first to concentrate the control of this industry in the hands of a few men.

The extent to which this centralization has been brought in our day may be judged from the fact that, according to figures supplied us by the Bureau of Markets, the five big packers handled 82.2 per cent of all the cattle slaughtered for interstate commerce in 1916, and all other slaughterers handled only 17.8 per cent. Of all the calves the big packers handled 76.6 per cent, and of all the sheep 86.4 per cent. To group it all into one sentence, we find that during the year 1916 more than 76 per cent of all the live stock handled in interstate commerce was passed through the yards of the big five. This percentage, according to the figures compiled by the Bureau of Animal Industry of the Department of Agriculture, has been steadily increasing from year to year as the big packers widened their control. One by one the big stock markets have passed into their power, until to-day they control not only the 14 principal markets, which handle over 70 per cent of all the live stock that goes to market, but 14 others as well, so that their domination of the industry is all but complete. If it were necessary at this point to indicate how this power was acquired, I could quote at length from the testimony of the big packers themselves before one or another of our congressional committees to show how in many instances this ownership of the stockyards was secured by gift rather than by investment and by intimidation rather than by normal expansion. (See testimony, Louis F. Swift, part 2, Senate hearings on S. 5305, pp. 835-836.)

Not only do the packers dominate the producing markets of the country by controlling the stockyards, but by means of their selling organization and distributing system they control also the consumption market. Mr. L. F. Swift told the Senate committee in 1919 that the big packers own at least 70 per cent of all the refrigerator cars in the country, but J. M. Chaplin, one of the Swift experts, at the same hearing said that he would not dispute the correctness of the Federal Trade Commission report that they own 93 per cent of the cars. By this system the packers not only supply their branch houses, of which there are more than 1,100 scattered throughout the 48 States of the Union, but they reach hundreds of small towns where they have not yet built their local establishments. Armour & Co., by the use of auto trucks, distribute their product even more widely in small, remote communities. Thus it is that to-day by far the greater proportion of all the meat products consumed in the Nation's centers of population are purchased, prepared, and distributed by the same few men who control the stock markets.

#### THE RECORD OF A GENERATION.

Having thus attempted to show the size, importance, and concentration of this industry, let us now examine its record during the past generation. In the 30 years which have elapsed since the business began to assume its present form there has scarcely been a time when it has not been the subject of popular criticism or official investigation by reason of abuses, suspected or notorious. We are not dealing with a new problem; we are



dealing with an old one, and one which hitherto—to our national shame, it must be said—we have been unable to solve, although the facts have been before us for a generation.

As long ago as May 16, 1888, the United States Senate, responding to the rising tide of complaints from the producing sections of the country, adopted a resolution directing the appointment of a special committee to investigate the transportation and sale of meat products with a view of determining, in the words of the resolution:

Whether there exists or has existed any combination of any kind on the part of those engaged in buying and shipping meat products, by reason of which the prices of beef and beef cattle have been so controlled or affected as to diminish the price paid the producer without lessening the cost of meat to the consumer.

In compliance with this resolution a committee was appointed, consisting of Hon. G. G. Vest, of Missouri, chairman; Hon. P. B. Plumb, of Kansas; Hon. Shelby M. Cullom, of Illinois; Hon. C. F. Manderson, of Nebraska; and Hon. Richard Coke, of Texas, all statesmen of ability, who left an indelible impression on the legislation of their time. After an investigation which lasted about two years and involved every circumstance surrounding the business, these men, whose motives and sound judgment no one would question, gave it as their mature conclusion that "an abnormal and ruinous centralization of the cattle market and its domination by a few men and railroad corporations" had been the result of combinations and agreements for the fixing of prices, the division of territory, and the suppression of competition among the predecessors of those whom we to-day call the Big Five.

The following quotations from this report, Mr. President, will be of interest not only as showing how the foundations were laid for the power which the big packers now exercise but also as furnishing a basis for the comparison of the packer disavowals of wrongdoing in 1890 with their disavowals in 1920. I read:

Another fact about which there existed no diversity of opinion was that the methods of selling beef cattle had been entirely revolutionized in the past 10 years. In place of the old system, when shippers and butchers went from one cattle raiser to another, competing in the purchase of cattle, there is now a concentration of the market at a few points—Chicago, Kansas City, Omaha, St. Louis, Cincinnati, and Pittsburgh—with the controlling market at the first-named city. The cattle producer no longer has a market at his door, but must take or ship his cattle to the market in one of these cities. This revolution in the manner and markets for selling cattle has been caused by the construction of railroads, subsequent combinations between these corporations, and the establishment of stockyards owned by parties controlling the railroads upon whose lines these yards are located, but especially by the fact that a few enterprising men at Chicago, engaged in the packing and dressed-beef business, are able through their enormous capital to centralize and control the beef business at that point. So far has this centralizing process continued that for all practical purposes the market at that city dominates absolutely the price of beef cattle in the whole country. Kansas City, St. Louis, Omaha, Cincinnati, and Pittsburgh are subsidiary to the Chicago market and their prices are regulated and fixed by the great market on the lake.

Whatever difference of opinion was expressed as to the existence of a combination between these firms not to bid against each other in the purchase of cattle, there was no hesitation on the part of witnesses, even when obviously prejudiced in favor of the packers, in stating that the control of the market was absolutely within the grasp of these four houses if they saw proper to exercise it. Indeed, your committee from the first day of their sessions were compelled to notice, and especially in Chicago, the influence of these great operators. Commission men and cattle raisers who were shipping to Kansas City and Chicago were obviously reluctant to testify as to facts or opinions which might prejudice them in future transactions. In one instance a gentleman of high character and unquestioned integrity, Mr. Leverett Leonard, of Saline County, Mo., stated that he had reason to believe that his former appearance as a witness before the committee would cause him to be boycotted in the future as a cattle shipper.

The overwhelming weight of testimony from witnesses of the highest character, and from all parts of the West, is to the effect that cattle owners going with their cattle to the Chicago and Kansas City markets find no competition among buyers, and if they refuse to take the first bid are generally forced to accept a lower one. This testimony comes from representative men, not emotional or prejudiced, but conservative and intelligent observers of whose sincerity there can be no suspicion. That the same parties, or their agents, combined and confederated in other matters of like character is beyond question.

First. It is admitted that they combined to fix the price of beef to the purchaser and consumer, so as to keep up the cost in their own interest. (P. D. Armour's testimony, p. 481.)

Second. It is admitted that they have an agreement not to interfere with each other in certain markets and localities in the sale of their meat. (S. B. Armour's testimony, p. 264.)

Third. It is proved beyond doubt that they acted together in supplying meat to the Soldiers' Home at Hampton, Va., the National Hospital for the Insane, and other public institutions at Washington, D. C., the bid for the contracts being made by one, and the meats being then supplied by each of the dressed-beef men alternately for stated periods. (Testimony of Dr. W. W. Godding, p. 499; C. B. Purvis, p. 50; G. N. Omohundro, p. 504; W. H. Hoover, p. 502.)

Fourth. They combined in opening shops and underselling the butchers of cattle at Detroit and other places in Michigan and at Pittsburgh, Pa., in order to force them to buy dressed meat. (Testimony of John Duff, p. 154; William Peters, p. 169.)

Fifth. They combined in refusing to sell any meat to butchers at Washington, D. C., because the butchers had bid against them for contracts to supply with meats the Government institutions in the District of Columbia. (Testimony of W. H. Hoover, p. 502; testimony of J. N. Hoover, p. 505; testimony of Santus Auth, p. 508.)

Sixth. They acted together at Chicago in refusing to come before the committee as witnesses, and in preventing their employees and agents

from coming, it being an open secret that they met together with their counsel and agreed as to their action.

With this overwhelming proof of a common interest and intent, we submit that it is difficult to believe that with the most apparent motive for such action the same parties, or their subordinates with their knowledge, do not avail themselves of the opportunity presented by the centralization of markets to combine for the purpose of lowering the prices of cattle.

The declaration of Mr. P. D. Armour that he personally had no agreement with other buyers not to bid against each other is not conclusive, for he testifies himself that his agents acted as to business matters without his consent.

The enactment of the Sherman antitrust law following close upon this investigation did not have the effect of destroying the combination which Senator Vest and his associates had so vigorously condemned. It merely had the effect of changing the form of the "trust" and the so-called "Veeder pool" came into existence. From 1893 to 1902, as the packers admitted in the Government suit against the National Packing Co., they maintained a very active and complete, although illegal, agreement for the division of business and territory. Popular agitation and complaint again resulted in Government action, and in 1902 the Department of Justice brought suit against the packers under the Sherman law. The allegations of conspiracy and illegal restraint of trade were fully upheld in spite of all the packer protestations of innocence, and in April, 1905, the United States Supreme Court affirmed the injunction which had been issued against them.

#### NATIONAL PACKING CO. ORGANIZED.

Barred by this restraining order from pooling their interests as they had in the past and dividing the market by agreement, the packers sought the same end through the organization of a new company, in which all the important meat-packing corporations should be merged. Thus was born the National Packing Co., which dominated the market from 1902 until 1912, when the Government again had to step in with legal proceedings. Instead, however, of seeking another injunction, the Department of Justice on this occasion attempted to apply the criminal provisions of the Sherman law. The jury, as we all recall, failed to convict, but immediately after the verdict, in order to avoid the civil proceedings for another injunction which the Government was about to begin, the National Packing Co. voluntarily dissociated itself into what we now call the Big Five.

This decade from 1902 to 1912 was not without its agitation nor without further official investigation. In March, 1904, Congress passed a resolution in pursuance of which both the Bureau of Corporations of the Department of Commerce and the Department of Justice again gave official attention to the activities of the big packers. The resolution authorizing this investigation, like that of the Senate in 1888, called attention to the "low prices of beef cattle" and "the unusually large margins between the prices of beef cattle and the selling prices of fresh beef."

The "embalmed beef" scandal of the Spanish-American War first gave to the public some intimation of the unsanitary conditions in the packing houses, and culminated in a formal investigation of the stockyards and packing houses by a special commission appointed by President Roosevelt for that purpose. It is not necessary to review here the findings of that commission. It will suffice to quote from the letter of Theodore Roosevelt transmitting the report, under date of June 4, 1906, to the Senate and House of Representatives. I read:

*The Senate and House of Representatives:*

I transmit herewith the report of Mr. James Bronson Reynolds and Commissioner Charles P. Neill, the special committee whom I appointed to investigate into the conditions in the stockyards of Chicago and report thereon to me. This report is of a preliminary nature. I submit it to you now because it shows the urgent need of immediate action by the Congress in the direction of providing a drastic and thoroughgoing inspection by the Federal Government of all stockyards and packing houses and their products, so far as the latter enter into interstate or foreign commerce. The conditions shown by even this short inspection to exist in the Chicago stockyards are revolting. It is imperatively necessary in the interest of health and of decency that they should be radically changed. Under the existing law it is wholly impossible to secure satisfactory results.

Let me repeat that under the present law there is practically no method of stopping these abuses if they should be discovered to exist. Legislation is needed in order to prevent the possibility of all abuses in the future. If no legislation is passed, then the excellent results accomplished by the work of this special committee will endure only so long as the memory of the committee's work is fresh, and a recrudescence of the abuses is absolutely certain.

THEODORE ROOSEVELT.

How significant, Mr. President, is the last sentence: "If no legislation is passed, then the excellent results accomplished by the work of this special committee will endure only so long as the memory of the committee's work is fresh, and a recrudescence of the abuses is absolutely certain." How familiar those words sound to those of us who have had to do with this proposed legislation during the last few months. They may be repeated to-day with absolute accuracy as applying to the situation



that now confronts us. If this legislation which we are now considering is not enacted, then the results already attained by virtue of popular protest against conditions as they have existed will endure only so long as the memory of the Federal Trade Commission's report is still fresh. When that fades from the public mind, the old abuses are certain to be revived, unless here and now we undertake to set up some agency of the Government the duty of which shall be to prevent a return to the old order.

The legislation which President Roosevelt sought in 1906 was secured, and, although the direst predictions of disaster had been uttered, although producers on every hand had been warned that "continued agitation" would utterly destroy the market for American beef and drive the stockmen from the ranges, none of these calamities occurred. On the contrary, the results were most beneficial, for certainty took the place of uncertainty and confidence took the place of distrust. The certificate of the Federal Government that the plants were under inspection and the knowledge that none but wholesome meat would be allowed to pass into commerce brought a sense of security that had an effect quite the reverse of that which had been foretold. Because the country had faith that the stamp of Government approval meant wholesome food this disturbing question was settled for all time. What we require now, Mr. President, is the enforcement of sanitary business methods in the markets, so that all may be certain that they are as wholesome as the Government has made the meat.

But to return to our history of this business: When the National Packing Co. went out of existence, the Big Five stepped into its shoes. The power which they exerted over the industry continued to expand, and on October 7, 1916, the Secretary of Agriculture issued a report from the office of Markets and Rural Organization on "Methods and Costs of Marketing Live Stock and Meats," in which it is stated on page 50:

On the whole, it is apparent that the large packing interests exercise an increased and increasing degree of control over the industry, and that effective means should be sought whereby this concentration of ownership and control may be made subject to suitable regulation in the interest not only of the producers and the consumers, who are dependent upon them, but also in the interests of the corporations themselves.

FEDERAL TRADE COMMISSION REPORT.

And, finally, Mr. President, we have before us the thoroughgoing, searching report of the Federal Trade Commission. Nothing has been left undone by those who have endeavored to arouse opposition to this legislation to discredit and belittle this report. They have tried to persuade us that it is incorrect, prejudiced, and false; that the men who conducted the investigation were not seeking facts but were seeking conviction regardless of facts. It is significant, however, that throughout the hearings by your committee the critics of the commission have time after time admitted the correctness of the facts contained in the report, though disputing the validity of the conclusions. Every person who has read this report has, of course, the right to form his own opinion of the meaning of the facts therein contained, and I have no quarrel whatever with the man who, having read it, is, nevertheless, honestly unconvinced, but for the man who condemns it without reading, I can only say that he must stand convicted of allowing his judgment to be swayed by passion and prejudice rather than by reason. Of all men who pass judgment on this question, those who, in public service, have found themselves obliged to do unpleasant things for duty's sake should be the last to criticize the Federal Trade Commission.

The members of this commission need no defense from me, and I am sure they are willing to be judged by their work. They have, however, the satisfaction of knowing that the men who attack them have attacked every previous Government report in the same language; that the men who deny the conclusions which this commission has reached have denied the conclusion reached by every previous investigation; and that upon every step of the road from 1890 down to the present day the denials of the big packers have been followed either by the issuance of injunctions against them by the courts or by their own admissions—after the statute of limitations had run.

This brief résumé of the investigations of a generation brings us at this hour face to face with the question whether the time has not come when, as the Representatives of a sovereign people, we should take some action to put an end to this discreditable record. From the very moment when the first dressed-meat combination was instituted in Chicago until now there has never been a single year that this industry has not been dishonored by open charges of discrimination or confessed guilt. That we have permitted such a record to be made, Mr. President, is in the most emphatic degree discreditable to us as a people. If there were no other argument it would, I submit, seem scarcely necessary to do more than call attention to this amazing record to prove that Government supervision of some kind is absolutely essential. We have here an industry which affects in a

direct and positive manner every man, woman, and child in the United States, an industry which outranks in volume of business and importance all the other industries of the country, the control of which has been concentrated to such a degree and by such methods that it has been in the public pillory for 30 years. Surely even the most skeptical will agree that this record justifies the statement that this question can never be settled until it is settled by legislation.

PACKER EFFICIENCY.

Of course, it is now the contention of the big packers that a new day has dawned in this industry, that the illegal practices of the past have been voluntarily abandoned, and that the packer system, through extraordinary efficiency, is an indispensable benefit to the Nation. Let us, then, examine the basis of this claim.

There comes a time, Mr. President, in the history of every large business, if it continues to grow, when its mere size is an actual handicap and when lost motion begins to destroy the beneficial effects of organization. There is a point beyond which no business can safely expand. This point, I am sure, was reached long ago by the corporations which control the packing industry. Let it be remembered, as I have already pointed out, that the power now exercised by the Big Five was not the result of natural growth. It was not by the unfettered play of the law of supply and demand that the packers placed themselves in a position of handling from 75 to 85 per cent of all the stock slaughtered in interstate commerce. On the contrary, this result was obtained by suspending economic law and defying statute law.

Instead of a large number of markets in various parts of the country competing naturally and normally with one another, only a few markets were allowed to develop, and the flow of live stock from the Western States to feed the consuming public in the Eastern States was forced, as it were, through a narrow funnel for the benefit of those who had constructed the funnel rather than for the benefit of the great public that had to be served.

The Vest report of 1890 recites a typical story of how the combination worked. A small packer at El Paso was forced out of business because the railroads, at the request of Armour, refused to supply cars for the transportation of his product. He had developed a market in the vicinity of Los Angeles and was killing approximately 50 head of cattle a day. These animals he purchased, of course, from the stockmen whose ranches were in close proximity to his plant, so that transportation costs had been reduced to the minimum. He had been in business but a few months, however, when the Southern Pacific became strangely unable to furnish cars to move his dressed meat from El Paso to Los Angeles. Finally, in response to repeated requests for an explanation, as he told the story to the Vest Committee—Senate Report 829; Fifty-first Congress, first session—the railroad officials told him they could not give him any cars at all; that their obligations were such to Mr. Armour that they dared not give him cars any more to ship his beef from El Paso to Los Angeles and San Diego.

The result of this discrimination on the part of the railroads was that Texas live stock, instead of being prepared at El Paso for shipment as dressed beef to Los Angeles, 812 miles distant, had to be transported on the hoof 950 miles to the big packers' plant at Kansas City, and then, as dressed meat, back over the same distance to El Paso, the starting point, before beginning the journey to Los Angeles.

It would require a very great saving in by-products to compensate for the huge losses occasioned by such enforced long hauls to market. It is not proof that the product is delivered to the consumer at a reasonable cost to assert that the profits on the delivery are small, unless it can be demonstrated that the cost of delivery itself is reasonable. A profit of one-fourth of a cent a pound might be an unjust and wholly unwarranted tax upon the public if the cost of putting the product on the market were extravagant and wasteful, while, on the other hand, a profit of 5 cents a pound might not be felt by the public at all if the packer, by economic methods, had reduced the cost of production to the minimum.

Now, it has been fully acknowledged by the big packers in their testimony before committees of both the House and the Senate that the small packer operates more economically than they do. Mr. J. Ogden Armour was the first to testify to this, and ever since he admitted to the House committee that the big corporations do not and can not make the margin of profit that is made by the small packer, the representatives of the big companies have been endeavoring to explain the admission away. Mr. L. H. D. Weld, one of the Swift & Co. experts, for example, told the House Committee on Agriculture at the present session that the big packer by doing business upon a national scale incurs certain heavy overhead expenses which the small packer



in the local market does not have to meet; that is to say, the huge selling organization maintained by the big packer makes it necessary for him, if he is to reap a profit, to obtain a higher price for the finished product than the small packer has to get.

Pursuing the matter further, Mr. Weld said:

It so happens that Swift & Co. have some 22 plants throughout the United States, located so as to bring about the best relation so far as we can make out between the source of local meat supply and the location of consuming markets.

Now, either these 22 local plants which are not burdened by the maintenance of the long-distance delivery system are operated as efficiently and at as large a profit as the plants of the small packers or else they are operated less efficiently and at a smaller profit. If the former, then the prices of the big packer to the consumer are dictated not by the cost of serving the local market, but by the cost of serving the more expensive, long-distance market and the people instead of benefiting by the system created by the big packer, are actually compelled to pay a larger price for the product. If, however, on the other hand, the local plants of the big packer are operated less efficiently than those of the small packer and at a smaller profit, it follows clearly that the organization of the big packer is too large, is uneconomic, and therefore not beneficial to the public.

#### PRODUCTION DECREASED.

But, after all, the efficiency or lack of efficiency of any business or any system is to be measured by its results. What, then, has been the practical effect of the packer system upon the production and consumption of meat in the United States?

We all know that the population of the United States has been increasing in an almost phenomenal manner during the past 30 or 40 years. Prosperity has become more widespread during the same period, wages have increased and the standard of living has been raised. These are all facts which no one will question. One would naturally assume that a people thus advancing in numbers, in earning capacity, and in standards of living would also make a constantly increasing demand upon the meat-producing capacity of the country. Yet, the statistics of the Department of Agriculture (p. 207, Rept. 109, issued by the Bureau of Crop Estimates, July 3, 1916) show that from 1900 to 1916 the number of cattle in the country was reduced by approximately 9 per cent and the number of sheep by 19 per cent. During the same period the human population increased more than 25 per cent, and as might naturally be expected the per capita consumption of meat fell off. In other words, some disturbing influence was at work, which, in spite of a tremendous increase of the source from which the demand comes, had the effect of reversing the economic order and bringing about an actual decrease in the supply. But there was one factor which showed a steady and indeed an amazing increase during the same period—the profits of the big packers. The volume of business which they handled increased; their profits increased, their power increased, but the American people had less meat to eat and the American producer in the midst of prosperity had a smaller market for his output. It must be obvious that there is something radically wrong in a system that will prevent the natural and normal tendency of development. Every other food business has increased during this period. The production and consumption of clothing and of all other necessities of life have increased hand in hand. This single element of food alone, in the marketing of which an abnormal centralization has been effected, has not kept pace with the growth of the country in population and prosperity.

The explanation of this condition of affairs readily suggests itself. The big packer, in order to maintain the selling organization by which he excludes the small packer from the market, has been obliged to sell his product at a higher price than the local packer would have had to demand. The man of moderate means, when the price advanced, instead of paying what the packer asked, turned to meat substitutes, and thereby necessarily and inevitably reduced the demand. The market of the producer was artificially restricted to those who were able to pay the price fixed by the system of packer control, and so we have the situation by which production and consumption were cut down at the very time the packer profits were steadily accumulating.

The supreme need of the producer at this moment is an increased market for his stock. The supreme need of the consumer is a larger supply. Your committee heard testimony of the most appealing sort from the representatives of the National Consumers' League of the plight of poor children in the large consuming centers to whom meat is a rarity seldom enjoyed. Your committee heard the evidence of many producers who had faced disaster or loss because of fluctuations in the market and the decrease of the demand. But the big packer has yet to appear and testify that he has made less than

a reasonable profit from the capital invested in his business at any time during the last 30 years.

If any further proof of the failure of the packer system to serve the public efficiently and economically were needed, it would be obtained by a comparison of the statistics on beef production and distribution with those on pork production and distribution. I shall ask to be printed without reading two tables, one taken from the records of the Department of Agriculture showing the number of live stock as compared with the number of people in the United States annually from 1900 to 1916, the other showing the profits of the big packers during the same period.

Table showing decrease in production of cattle and sheep as compared with slight increase in swine production, 1900–1916.

[Compiled from reports of Department of Agriculture.]

(Big packers control over 80 per cent of all cattle and sheep slaughtered in interstate commerce as compared with only 61 per cent of hogs.)

	Cattle.	Per capita consumption. Beef.	Sheep.	Per capita consumption. Mutton.	Swine.	Per capita consumption. Pork.	Human.
1900.....	67,819,410	89.2	61,503,713	7.7	62,868,041	84.6	75,994,575
1901.....	62,334,000		59,757,000		56,982,000		77,612,569
1902.....	61,425,000		62,039,000		48,699,000		79,230,563
1903.....	61,764,000		63,965,000		46,923,000		80,848,557
1904.....	61,049,000		51,630,000		47,009,000		82,446,551
1905.....	61,242,000		45,170,000		47,321,000		84,084,545
1906.....	60,862,000		50,632,000		52,103,000		85,702,533
1907.....	72,534,000		53,240,000		54,794,000		87,320,539
1908.....	71,267,000		54,631,000		59,084,000		88,938,527
1909.....	71,029,000	84.5	55,084,000	6.6	54,147,000	79.5	90,556,521
1910.....	61,803,886		52,447,861		58,185,676		91,972,266
1911.....	60,502,000		53,633,000		65,620,000		93,590,230
1912.....	57,959,000		52,382,000		65,410,000		95,208,254
1913.....	56,527,000		51,482,000		61,178,000		96,826,248
1914.....	56,692,000	62.5	49,719,000	7.7	58,633,000	80.5	98,444,242
1915.....	58,329,000		49,955,000		64,618,000		100,062,236
1916.....	61,441,000	62.0	49,162,000	6.3	68,047,000	89.5	101,680,230

Annual profits of the principal United States packing companies for 19-year period ending business year of 1918.

Year.	Armour & Co. (Inc. Apr. 7, 1900).	Cudahy Packing Co. (Inc. Aug. 29, 1887, Oct. 7, 1915).	Morris & Co. (Inc. Oct. 16, 1903).	Swift & Co. (Inc. Apr. 1, 1885).	Schwarzschild, Sulzberger & Co. (Inc. 1853); Sulzberger & Sons Co. (Inc. Apr. 7, 1910); Wilson & Co. (Inc. July 27, 1916).
Profits:					
1900.....				\$1,919,622	
1901.....				2,700,000	
1902.....		\$1,400,000		3,250,000	
1903.....		102,938		3,000,000	\$834,625
1904.....		927,969		3,850,000	
1905.....				4,200,000	
1906.....				6,000,000	
1907.....				6,203,995	
1908.....	\$5,300,000			6,300,000	1,645,129
1909.....	7,127,925	1,736,469	\$2,071,339	8,025,000	2,302,491
1910.....	5,817,722	1,019,117	1,627,994	7,050,000	2,000,000
1911.....	2,510,054	379,307	1,036,745	6,137,500	3,116,278
1912.....	5,701,647	1,129,465	1,812,653	8,250,000	3,741,883
1913.....	6,028,197	1,329,178	1,916,997	9,250,000	1,364,245
1914.....	7,509,908	1,402,017	2,205,673	9,450,000	1,511,528
1915.....	11,000,000	723,642	2,321,415	14,087,500	2,433,732
1916.....	20,100,000	3,011,415	3,632,212	20,465,000	4,913,873
1917.....	21,293,564	4,430,529	5,301,071	34,650,000	6,504,422
1918.....	15,247,837	3,376,808	4,217,858	21,157,277	

NOTE.—These figures are digested from Poor's Manuals of Industrials, 1910–1918; Moody's Analyses of Investments, Public Utilities, and Industrials, 1914; Manuals of Statistics, 1905–1918. (Legislative Reference Division, Library of Congress, C. C. Tansill, May 5, 1920.)

It will be noted, as I have already indicated, that while the population of the country and the packers' profits were steadily increasing from year to year, the number of cattle and sheep in the United States were quite as steadily decreasing. But it will also be noted that the number of swine in the country was actually greater in 1916 than in 1900. Alone of all the meat animals, the hog was more numerous at the end of this period than at the beginning. In 1900 there were approximately 62,800,000; in 1916 there were 68,000,000, or roughly 8 per cent more. We are prompted then to inquire why pork production should increase while the production of beef and mutton should fall off. The answer, Mr. President, is that while the big packers have practically eliminated independent packers

from the beef and mutton business, they have not succeeded to the same extent with respect to pork. For example, 82.2 per cent of all cattle and 86.4 per cent of all sheep slaughtered in interstate commerce in 1916 passed through the hands of the big packers, but they controlled only 61.2 per cent of all the hogs slaughtered in the same year. In other words, where the big packers exerted the greatest power production decreased, but where competition was greatest production increased. The conclusion is inescapable that the packers' system has not been efficient from the point of view of the public and that the restoration of competition in the packing of beef and mutton will stimulate the production of cattle and sheep.

Mr. REED. Mr. President, I do not want to interrupt the Senator—

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Does the Senator from Wyoming yield to the Senator from Missouri?

Mr. KENDRICK. If the Senator will pardon me, I prefer not to be interrupted until I have concluded my remarks.

Mr. REED. Certainly. I merely desired to ask a question to elicit some information. I did not know that the Senator had made that request.

Mr. KENDRICK. Surely, Mr. President, these facts of themselves are sufficient to justify the Government, on behalf of all the people, in setting up some sort of a Government agency to bring order out of this disorder and establish confidence where there is now only suspicion; and I want to say here, Mr. President, that without regard to any contention as to the efficiency of the great packers, without any regard to the service they render the country, I say to you without any fear of contradiction that whatever else they may have produced in those markets they have not produced confidence, and they never will produce confidence until there is some agency there that is authorized to speak for all, and speak in a disinterested way.

But the opponents of this legislation argue that the Government has no right to interfere in private business. It is the same argument by which every advance of public regulation of public utilities has been resisted, and it has gained nothing in the repetition. It is quite as weak and illogical when used against this reform as it was when used against public supervision of the railroads or public supervision of the insurance companies.

#### STOCK MARKETS ARE PUBLIC UTILITIES.

That the stock markets are public utilities I think no disinterested person will deny. Indeed, now that the packers are soon to surrender their ownership in the yards I note that Swift & Co. have publicly acknowledged, to quote the words of a recent Swift pamphlet, that "the stockyards are in the nature of a public utility." This being the case, Mr. President, our chief contention is granted, that public supervision should be established.

As conditions stand to-day and as they will continue to stand even after the recent injunction is enforced, unless there is legislation, the thousands of producers and the millions of consumers who are so wholly interested in what goes on day after day in the markets are without protection. Let us consider, for example, the circumstances in which the producer finds himself.

Remote from the market, without knowledge of the supply on hand or the demand in sight, save that which he receives from the agencies through which he sells, he sends in his shipments in the most haphazard way. Usually he has but little choice as to the time of shipment but must go to market when his stock is ready. It must be borne in mind that his product represents ordinarily the result not of a single season's labor but the labor of a period of from two to four years. He faces the hazards of the seasons three times where the producer of other food products faces them once, and scarcity of feed, maturity of loans, or other conditions which he can not control frequently force him to market. Accordingly he takes his stock to the railroad and assigns them to a commission firm. When once his stock is loaded on the trains he has no recourse save to take the price the market gives him. Bear in mind that his is not a product that can be held for a favorable turn in the market. Every day's delay after the stock is loaded means loss through shrinkage and heavy expense for maintenance. Obviously he can not take his shipment home. He has no choice. He must sell and sell at once.

If he should be dissatisfied with conditions at the market and should feel like going forward to another, he would know that when he arrived at the second market he would have to pay the same charge for feed, the same charge for yardage, and the same commission to the same commission firms, and finally sell to the same buyers. The only change would be a geographical one and the only effect an additional burden. Addi-

tional freight charges, additional yard charges, additional feed charges, and additional shrinkage in the weight of his stock all combine to deter him from doing anything but accept the price that he is first offered.

But even that is not all. The shipper knows and the packer admits that when he withdraws his shipment from the first market to forward it to another, at that very moment the agent whose bid he has refused has wired either to the headquarters of the packer at Chicago or to the buyer at the yard to which he has decided to go every detail of the transaction, and so when he arrives at the second market the packer there is expecting him with full knowledge of the size of his shipment, the kind and character of his stock, and the price that was offered in the first market. But if, to avoid what he believes to be the unfair effect of this practice, known as "wiring on," the stockman decides to split his herd and send part of it to one market and part of it to another, he finds himself confronted by another device, the inevitable tendency of which is to prevent competition. The packer who buys one part of the divided herd immediately sends word to the second market, and his agent there is fully advised of what price was first paid, so that the chance of the shipper getting a higher price in one market than in another is reduced to the minimum.

#### COMMISSION MEN COMPLAIN OF PACKERS.

That complaints of the methods employed in the yards do not emanate alone from the producer, and that there are other agencies in the yards which in the past at least have been dissatisfied with the manner in which the big packers have exercised their control, is indicated by the following formal protest signed by 74 of 86 commission firms operating upon the Chicago exchange and directed to Swift & Co., Armour & Co., Morris & Co., and Wilson & Co., urging a reform of methods:

CHICAGO, ILL., April 11, 1916.

#### To the Packers:

We, the undersigned live-stock commission merchants on the great Chicago Live Stock Market, representing literally thousands and thousands of producers of live stock and dealers therein, join in sending you this protest: First, against methods that have been used lately to influence violent price fluctuations, apparently not warranted by the natural operations of supply and demand; second, against the conditions under which the market is now forced to operate.

For some time past, actions have been witnessed on the part of large purchasers of live stock that seemed to be unfair and unjust; and time and time again undue advantage has been taken of the sellers of all kinds of live stock.

There is, apparently, no good reason why the buyers representing the larger packing interests should refuse to go out and bid on, and try to buy, stock until a late hour in the forenoon, as has been the custom for the past several years, and in many instances until after the noon hour.

We contend that such methods, employed to retard the progress of the market, have been very much to the disadvantage of the producers, the commission merchants, and the banks doing business at the stockyards and the stockyards company. It was formerly the custom for more than 20 years to open the cattle market about 9 o'clock in the morning, and in a great many cases consignments of cattle were sold considerably before that hour, and it was not unusual for the entire receipts of hogs to be sold and weighed by 9 o'clock. The shippers received returns for their stock on the same day it was sold, and business was generally conducted in a much more satisfactory manner.

We, as commission merchants, are not seeking for any favor or looking for any advantage for ourselves. All we desire is the same fair and square treatment that we have given you for the last 40 years, but we believe that you owe it to yourselves and to us, as well as to the producers of live stock, to so use your great influence to strengthen and build up the public live-stock markets of the country and to improve your standing in the estimation of the live-stock community of the United States.

Yours, truly,

Bowles Live Stock Commission Co.; W. W. Wilson & Co.; Alexander, Ward & Conover; Walters & Dunbar; Martin Bros. & Co.; Brown, St. John & Co.; Rice Brothers; National Live Stock Commission Co.; Byers Bros. & Co.; Drovers Commission Co.; J. M. Doud & Co.; Swanson & Gilmore; Tracy, Steward & Co.; Freeland, Callahan & Godfrey; John Patterson & Son; W. R. Smith & Son; W. W. Shearer & Co.; Shinn, Fry & Co.; Gilloghly & Co.; Clay, Robinson & Co.; Cross, Smittle & Sommers; Standard Live Stock Commission Co.; Mullen & Evans; Ward Commission Co.; Maley, Carpenter & Co.; J. J. Farrelly & Son; Clark, Bowles & Co.; J. C. Henderson & Co.; Murray & McDowell; Abner Platt & Co.; Central Live Stock Commission Co.; Minter, Hibbard & Co.; Irvine & Kuenster; Nixon, Horn & Chisolm; Emmett & Wheeler; Starrett, Mathison & Co.; Hansman, Thompson & Co.; Rosenbaum Bros. & Co.; Stafford Brothers; Lee Live Stock Commission Co.; McCausland, Hoag & Vaughan; Adams & Kitchin; Russell, Freeman & Co.; Brownson & Ettlinger; Sieh, Pritchard & Co.; Rappal Bros. & Co.; H. D. Copeland & Co.; L. Spencer & Co.; Elias Palmer & Sons; Cochran & Henneberry; Abe Burnett & Co.; Adler, Son & Co.; Walter Bros.; Wm. Gentleman & Sons; Miller, White & Woods; Evans, Snyder, Euel Co.; Bacon, Peterson & Co.; Filler Commission Co.; Baker, Heyne & Co.; Geo. F. Hogan & Co.; Bunker & Swiney; Sullivan Commission Co.; A. B. Daniels; Conklin Bros.; Paris & Co.; Northwestern Live Stock Commission Co.; Iowa Live Stock Commission Co.; Tipton, Steck & Herrick; Hefner Commission Co.; Stephens & Goble; Allenberg & Co.; Geo. W. Morgan & Co.; Roach Live Stock Commission Co.; the Knollin Sheep Commission Co.; Van Norman, Lawler & Co.

Hearings before the Federal Trade Commission in the meat investigation. (Kansas City hearing, Mar. 21-23, 1918, pp. 4524-4529.)



It may be true, however, that the packers no longer intentionally employ methods we have just enumerated for the purpose of depressing the price of stock; it may be true, as they tell us, that they have voluntarily foregone these advantages over the shipper, but the fact remains that the power to injure has not been taken from them and that there exists today not the slightest guaranty that these old abuses may not be resumed—under new managers.

#### REVELATIONS OF BUREAU OF MARKETS.

For years the producer has struggled against these handicaps. If he had a grievance there was no tribunal in which he might find redress. There was no authority, no agent to whom he might appeal with confidence. Not until the food-control act of 1917 gave the Bureau of Markets of the Department of Agriculture the power to go into the markets and find out what was actually going on did the shipper have anyone to appeal for him. What he then discovered may be judged from the report sent to the Senate under date of January 24 by Hon. D. F. Houston, then Secretary of Agriculture. This report, now designated Senate document 185, shows that of 350 individual firms and corporations engaged as commission men at nine of the principal market centers more than 25, in the language of the Secretary, "had exacted substantial overcharges in the feed accounts being kept by them with their shippers." I read from the Secretary's report:

The books of 12 licensees in Chicago, 5 in St. Paul, 3 in Fort Worth, 1 in Kansas City, 1 in St. Joseph, and 2 in Sioux City showed substantial excess charges in their respective food accounts from January 1, 1918, down to the time when their books were audited, or approximately for a period of 18 months, amounting in the aggregate to more than \$90,000. Their books also showed excess charges in their feed accounts from the issuance of their respective licenses down to the auditing of their books. Consequently complaints were preferred against each of such licensees by the department, charging them with making an unjust charge and engaging in a deceptive practice in connection with the feed accounts which were kept with their shippers. Oral hearings before officers of the department were granted to each of them in the cities in which they were licensed to carry on their business and they were given an opportunity to appear in person or by counsel and to offer such evidence as they desired in their behalf.

Several of these licensees admitted that they had made a practice of selling the left-over hay or corn, which had already been charged to a preceding shipper, to some other shipper, thereby charging two shippers for the same hay and corn. However, many of such licensees contended that they had not followed such a practice in the feed accounts kept with their shippers and stated under oath that they considered such practices unfair and unjust to the shipper.

The evidence in these cases tended to show generally that the licensees had not given proper care and attention to the distribution of the feed and the keeping of their feed accounts with their shippers, and that this important phase of their business prior to the date of the complaints had been largely left to the unsupervised discretion and control of employees commonly known as yardmen.

The testimony as a whole, including admission to that effect on the part of some of the licensees, points to the conclusion that a large percentage at least of all the overcharges in these cases is the result of the practice of charging two shippers with the same hay or corn, whenever it appeared that the live stock of the first shipper had for any reason failed to consume a substantial part of the hay or corn furnished to them.

Several of the licensees who are involved in this reprehensible practice suffered the loss of their licenses. Others voluntarily refunded some of the excess charges, while others sought the law's delay to escape making restitution, but the result of the supervision exercised by the Bureau of Markets in this particular has been of direct, substantial, and measurable benefit to the producers. Instead of ruining their business or decreasing the demand for their product, it has had quite the contrary effect in reducing to some extent at least the expense which they have to meet when they go to market. To some degree, perhaps, a permanent reform has been effected because the Kansas City Live Stock Exchange in August, 1918, as a result of revelations of the Bureau of Markets, voluntarily adopted a rule forbidding the padding of feed charges. At Chicago the live-stock exchange adopted a rule to prevent commission firms from carrying live-stock traders or speculators on their pay rolls or seeking the services of such men gratuitously, thus eliminating one of those fruitful sources of excessive profit by which as the result of arrangements between commission men and traders a heavy and unwarranted toll was levied upon the shipper.

Fraudulent dealing and deceptive practices by which thousands of dollars had been withheld from remittances due to shippers were discovered by the Government agents in several yards. In one case alone more than \$30,000 has been placed in escrow for distribution to consignors from whom it was withheld.

Let me not be understood as casting any reflection upon the integrity of the commission men as a class. From a wide personal acquaintance and long business experience with them it is my conviction that the majority of them have always dealt with their patrons on terms of the strictest integrity. But what I do say is that the system under which they do business to-day affords no protection to the public against the few who have indulged in the practices revealed by the Bureau of Mar-

kets. In no sense is this demand for legislation directed against individuals. It is in no sense an attack upon men—it is an attack upon methods; it is a demand for general market reform, a demand for the institution of a new system in which all, and not a few only, shall be represented.

#### REGULATION BY PRIVATE INTERESTS.

In spite of these revelations which have been made, showing beyond all doubt that there has been no protection for the public and that unwarranted charges have been levied, it is still argued that public regulation would be disastrous and that instead of creating a Government commission to prevent abuses and redress grievances we should trust rather the benign purposes these same private individuals who before the Bureau of Markets investigations so consistently denied that the rules of integrity had ever been transgressed.

Regulation in the interest of the victim, regulation to protect the public, would be disastrous, we are told; but what shall we say of the thoroughgoing regulation which the packers and operators now maintain over these essential public utilities in their own interest?

Mr. President, I have here an official notice issued from the office of the secretary of the Chicago Live Stock Exchange on January 12, 1920, signed officially by Mr. E. M. Hughes, secretary of the exchange, and the first two lines of this announcement of a new regulation reads as follows:

The commission for selling live stock shall not be less than the following rates.

It would be possible to quote regulation after regulation of a similar kind showing how the rules by which the markets are conducted are framed and enforced—not by the producer, not by the consumer, but by the market agencies themselves. There is not a case on record, Mr. President, in which the patron of a market was ever asked to give so much as an opinion as to what he should pay for the service in the market or what methods should be there employed. When the shipper delivers his stock to the railroad for transportation he knows that his Government, through the Interstate Commerce Commission, is standing guard for him; he knows that it will not permit an unreasonable charge to be assessed against him nor allow the railroad to discriminate against his shipment in any way; he knows that all the power of the United States is behind that commission to guarantee him a square deal. But when his stock is unloaded in the market he is at the mercy of interested agencies, without a spokesman and without protection. He must be guided by rules and regulations written by the men through whom he sells. If these agencies insist upon the right to fix rules and charges as they will, then certainly we are justified in demanding that the public interested in these markets should have authoritative representation somewhere to make sure that the rules and charges thus fixed by one party to the contract are not unreasonable.

#### COOPERATIVE ASSOCIATIONS EXCLUDED.

Let us refer, for example, to the by-laws of the live-stock exchanges like that at St. Paul, by which farmers' cooperative associations have been barred from stockyards all over the country. They have sent their representatives to the exchanges. They have offered the necessary fees. They have furnished every possible guaranty of respectability, honesty, and good intentions, but under the rules and regulations privately formulated they are not permitted to enter the exchange.

I have here the testimony of Mr. C. H. Gustafson, president of the Farmers' Educational and Cooperative State Union of Omaha, Nebr., given before the Senate Committee on Agriculture and Forestry September 12, 1919, and it throws so interesting a light on the situation that I shall take the liberty of reading it:

Mr. GUSTAFSON. My name is C. H. Gustafson; Lincoln, Nebr., is my post office, and Omaha, Nebr., is my office headquarters. In the first place, I want to say I do not stay within a half mile of the Willard Hotel. I represent the Farmers' National and Cooperative State Union of Nebraska; in short, we are called the Farmers' Union. I have been its president from the time it was organized six years ago this fall.

This organization is principally engaged in cooperative work amongst the farmers and producers. In addition to that, I represent other organizations that I will mention later on.

In order that it may be clear to the committee just what we are doing and trying to do, I want to say that our membership is composed of about 40,000 farmers over 21 years old. They pay an initiation fee and annual dues, which makes quite a permanent and effective organization.

We have developed a number of cooperative business enterprises, and among them I wish to speak especially of our Live Stock Commission Co., which was started two years ago the 1st day of April, at Omaha, Nebr. There is no stock sold. We used some of the surplus fees used for starting business with. I made application to the Live Stock Exchange of Omaha—it used to be South Omaha—for a membership in that exchange, but was turned down, completely turned down; they refused to sell us a membership.

The CHAIRMAN. Did they give the reason why they refused?



Mr. GUSTAFSON. Yes, sir. I told them that we intended to do business on the cooperative basis; after paying for actual expenses the rest of the profits would be divided pro rata amongst the customers that patronized the business; and on that ground we were turned down. In August of the same year I made application to the St. Joseph (Mo.) Live Stock Exchange for a membership and was turned down for the same reason.

In August, 1918, I made application at the Sioux City Live Stock Exchange and was turned down in a similar way.

We opened up our live-stock commission business at South Omaha, as I stated, on April 1, two years ago this last April, charging the regular commission prices for selling live stock—cattle, hogs, and sheep—giving the regular service that other live-stock commission men give.

The first few months, of course, our overhead expenses were rather high. We engaged competent men; our live-stock manager has been in the commission business for 25 years. But at the end of the first 12 months at the Omaha exchange we returned in patronage dividends 30 cents on the dollar paid out in commission charges; and when we started at South Omaha there were 50 firms in the commission business, and at the end of 18 months had passed all except one firm. We were second largest on the yards, and were selling 100 carloads of hogs a month more than any other firm on the yard.

At the end of the second year, or April 1, this year—which is the end of our fiscal year—we had 56 per cent clear. Of that we set aside a sinking fund of 5 per cent and paid the State union 5 per cent for the service of the board of directors and the advertising and my services as president of the company, and returned to the members doing business with us 46 cents out of the dollar.

During all this time the live-stock exchange has been hostile to us and has fought us in every possible manner, telling misleading and untruthful things about us and our way of doing business; but the fact is that we have kept a close watch on the market and find that practically every month the hogs sold by us have brought from 1 cent to 3 cents a hundred over the average of the prices paid in the yards, which proves that our selling force is efficient.

And so, Mr. President, we find that the alternative which confronts us is not public regulation or no regulation, but public regulation or private regulation. For a generation the packers and operators have been in complete control and the public has been helpless. Throughout this period these agencies have reaped steadily accumulating profits, while, on the other hand, one set of producers after another have been driven out of business by excessive losses and the consumer has been forced to pay constantly mounting prices for his meats, or curtail materially the supply for his table. The strange disparity between the prices of live stock and the prices of dressed meat has time after time provoked the public to demand investigation—always after the damage had been done. Resolution after resolution has been passed in Congress to appoint some temporary commission to find the facts, because, though the industry is the most important in the Nation, no one has known or does know the facts, save the privileged agencies which control the markets, for the very moment an investigation has been closed its report was out of date.

#### THE EFFECT OF THE INJUNCTION.

It is argued, of course, that the recent decree against the big five secured by the Attorney General has solved the problem and eliminated the necessity for legislation. The injunction represents, it is true, a great advance in the protection of the public and its welfare, but a moment's consideration will reveal the fact that it does not and can not afford the relief that is needed. It affects only those specific defendants named in the petition and does not pretend to exercise any authority whatsoever over the hundreds of persons otherwise engaged in interstate commerce in this industry. In other words, the injunction touches only the incidental and not the fundamental features of the problem. It provides, for example, that the packer must dispose of his interests in the stockyards, but it does not offer the slightest guaranty that those stockyards shall hereafter be conducted in accordance with the principles of fair play and honest dealing which are essential if the industry is to be benefited. The country will gain absolutely nothing from the separation of the stockyards from the packing houses if no system is set up recognizing the fact that these markets are impressed with a public service and that like any other public utility they should be under the supervision of the public.

The injunction deals solely with the packer. It does not affect the commission men nor the trader in the market, nor any other agency which participates in the handling of live stock. What we need, Mr. President, is not a rule of conduct for certain individuals, but a law that will apply to the whole industry. Indeed, I am convinced that without a law—that is to say, without the enactment of this measure now pending before us—the injunction itself can scarcely be enforced, because without a supervisory authority there will be no agency adequate to the task of seeing to it that the decree is always obeyed. The injunction of 1905 was scarcely heard of again after it had been issued, and certainly the influence which it exerted on the industry was negligible.

The object to be attained is the establishment of a free and unrestricted movement of meat products from the farm and

the range to the table of the consumer, the abolition of all artificial restraints, and the substitution of public law for the arbitrary will of interested private citizens.

#### COST OF PACKER PROPAGANDA.

Reform has been resisted by these dominant interests in a manner that serves only to increase the conviction that reform is necessary. Apparently without regard to facts, no expense has been spared in the effort to spread abroad an absolutely incorrect impression of the ends sought by legislation.

There can be no doubt that thousands of citizens all over this country have been led to believe that this measure is something utterly different from what it is in fact. There is scarcely a newspaper in the smallest hamlet, in the most remote section of the United States, that has not at some time or another in the past two years carried well-paid advertising matter from one or the other of the Big Five. It was, indeed, a most remote and insignificant community into which the packer propaganda has not been carried week after week and month after month, conveying to the minds of all who read packer advertisements with confidence an utterly false conception of this legislation. Scarcely a stock raiser anywhere upon the western range who did not receive a personal letter from one or the other of the big packers endeavoring to instill in his mind the thought that the legislation here proposed is but the precursor of national interference with individual enterprise. It would be possible to quote volumes of the misleading material sent out under the authority of the big packers. Interesting as this would be, we are, perhaps, more interested in what it has cost and upon whom the expense has fallen. Testifying before the Senate Committee on Agriculture on January 31, 1919 (see p. 1169, pt. 2, Senate hearings on S. 5305), Mr. Louis F. Swift produced statistics to show that for the five years 1913-1917 the average annual expenditure of Swift & Co. for advertising was approximately \$428,000. But for the year 1919, when the propaganda campaign against legislation was just beginning, Swift & Co. spent \$1,622,177 for this purpose, or almost as much every month as had previously been expended annually. Where formerly it had expended thousands to advertise its meats it now spends hundreds of thousands to advertise its morals.

In contrast with the figures given by Mr. Swift in 1919 is the testimony on the same subject given last month by Mr. L. H. D. Weld, the Swift economist. Denominating the anti-legislation propaganda "educational advertising," he told the House committee that Swift & Co. spends a million and a half annually on this alone; that the total advertising bill of Swift, to use his own words, "would run up to about two million or two and a half million dollars"; and, furthermore, that the cost of the pamphlet replies to the Federal Trade Commission report, with which the country has been deluged, is not included in these figures. When we add, Mr. President, to the enormous outlay of Swift & Co. the expenditures of the American Institute of Meat Packers and the expenditures of the other four big packers for the same purpose, which we may assume from the evidence before our eyes has been in like proportion, we find ourselves confronted with the most stupendous fund ever accumulated to mold public opinion and obstruct the representatives of the public in the performance of their duty.

Let us make no mistake, Mr. President; this tremendous outlay for propaganda purposes has been a direct charge upon the public. It was taken from the fund that would have been paid into the Treasury of the United States in taxes, or else it was charged to the price which the consumer had to pay for his meat or deducted from the price which the producer received for his stock. It may be true it was an insignificant sum as compared to the vast resources of the big packers. But at a time when the United States Government, through the Treasury Department, was conducting a campaign in every corner of the United States to sell \$50 Liberty bonds on installments to working men and working women, whose wages were scarcely sufficient to clothe or feed them, such an expenditure came with poor grace from concerns that at the same time boasted 100 per cent patriotism.

#### THE PROPOSED LAW.

What, then, are the objects and methods of the bill which the packers have so vigorously and expensively resisted? It is drawn upon the assumption that the great markets and market agencies which handle the meat supply of this Nation are essentially public utilities, and that because there is no instrumentality that can be set up outside of the Federal Government which is competent to protect the public interest the Federal Government should act. We have seen that three classes, two of them very large, the producers and the consumers, and one of them very small, the market agencies, are vitally interested in this industry. We have seen that the pro-



ducers and the consumers under present circumstances are without the power to exercise the slightest influence upon the principles under which these markets are conducted, while, on the other hand, the third, and smallest, class is in a position of such power and strategic value that it not only dominates but regulates the industry to its own advantage.

We have seen that for a generation the method by which this limited class has controlled the market has been the subject of continuous suspicion; that it has provoked investigation after investigation; that it has given rise to endless agitation, all of which has kept the entire industry in turmoil, so that the only class which has continuously profited from it is that limited class which has heretofore controlled and regulated it. Finally, we have seen that, instead of efficiently serving the American people, the industry in its present unsupervised condition has brought about a decrease of both production and consumption of meat products in the United States.

All of this leads inevitably to the conclusion that there can be no settlement of the problem until the Federal Government, representing all classes of the population, is empowered by appropriate legislation to protect the rights of all concerned. We want an agency clothed with the authority to pass upon all complaints, an agency in which all may have confidence because it is disinterested, an agency that will have the power to proclaim all the facts with regard to this industry, so that every interested person may know that justice and fair dealing prevail.

This, Mr. President, I am firmly convinced may be accomplished by the enactment of this measure. It creates a Federal live-stock commission which shall have such powers of investigation and supervision as to make it certain that the public at all times shall know every essential fact that has any bearing upon this industry. It is authorized to receive complaints and hear grievances from those who have any reason to believe that they are not receiving strict justice in the market, who have any reason to believe that illegal agreements have been effected or unfair practices adopted by any of the market agencies. It is authorized to conduct such necessary investigations, make such necessary examinations of books and papers as may be required to establish the truth or falsity of any such charge. But every member and every agent of this commission is placed under the strictest bond of secrecy so that no information of whatever character may be made public without the formal authority of the commission unless by order of a court.

To all intents and purposes, Mr. President, the commission is a court, and no man who is doing business honestly has any more reason to fear its activities than the ordinary citizen has to worry over the powers of the district court. This commission will have no more reason to interfere with the legitimate operations of a law-abiding corporation than any court in the land has to interrupt the proper activities of the average citizen.

No new principles of law are laid down, but many old principles are reenacted for the purpose of restoring and maintaining competition. The doctrine that public utilities should be subject to public supervision is recognized, and under the terms of the bill, packers and operators are forbidden to engage in unfair or deceptive practices, or to enter into any of those conspiracies or combinations in restraint of trade which have been in evidence throughout the entire history of this industry.

#### NO ARBITRARY POWERS GRANTED.

The live-stock commission provided for in this measure is authorized to make such regulations and rules within the provisions of the law as may be necessary to carry into effect the purposes of the law. But it has no power, and the proponents of the measure have no intention of granting it any power, to exercise arbitrary authority or by rules and regulations to demand of any person or corporation subject to its operation anything not prescribed in the general terms of the bill, and the rights of those who are affected by the legislation are completely safeguarded against any such abuse of authority. In the first place, before any action of any kind may be taken by the commission, it is required by law to serve notice in writing upon the packer or operator accused of evading the law, affording that person an opportunity to appear publicly before the commission, to be heard in person or by counsel and through witnesses in his own defense. If upon such hearing the commission is satisfied that a violation of the law has been committed, it may not arbitrarily punish the individual or the corporation which it has summoned before it, but it must make a written report of its findings and serve the same upon the defendant with an order requiring the defendant to abandon the alleged illegal practice. All the testimony upon which this order is based must be reduced to writing and preserved in the perma-

nent records of the commission, so that it will be available at any time on behalf of the Government or on behalf of the defendant.

If for any reason the packer or operator against whom such an order has been issued by the commission finds that he has been unjustly dealt with or improperly condemned, his right to appeal to the courts is effectively preserved. Within 30 days after the issuance of the commission's order he may present a written petition to the United States circuit court of appeals for the district in which he has his principal place of business asking that the commission's order be set aside or modified in accordance with the specifications which he may set out, whereupon the commission must certify to the court a full and complete transcript of the record so that the court acting as an appellate body may affirm, set aside, or modify the order of the commission. If the court finds that the original order was issued on insufficient evidence, it may direct the commission to receive further testimony, and so in every possible way the rights and privileges of all the market agencies are protected according to the rules of legal procedure.

Such a law could not possibly have an adverse effect upon any single one of all the market agencies, provided only that their operations are conducted with integrity. The law forbids monopoly. It forbids unfair dealing. It forbids agreements or conspiracies to raise prices. It forbids practices by which unnecessary and unreasonable tolls are exacted from the producer and from the public. It creates a Government agency which through the sheer force of publicity will prevent the practices always forbidden by our law. In the past trade has been restrained and monopoly has been allowed to go unhampered because there has been no effective method of enforcing either the law of custom or the law of statute against those who sought unreasonable profits without regard to the methods they employed. Surely no man and no corporation, willing to abide by these fundamental principles of fair dealing and honest business methods, need fear a law the only purpose of which is to protect these principles from violation. In my judgment, if this measure is enacted into law, it will be found to be an almost immediate corrective, and I venture the prediction that after it has once been written upon the statute books violations of it will be rare.

But the critics of legislation will say, and do say in spite of the fact that every care has been taken to safeguard against the abuse of authority by Government officials, that rules and regulations destructive of the business and even violative of the law will be put into effect. Mr. President, I submit that there is no foundation for any such fear. The argument is an example of special pleading which seeks to create an impression regardless of logic or fact. After the declaration of war Congress passed the food-control act, granting the United States Food Administration and the Bureau of Markets powers much broader than those which are contained in this measure. It was war legislation, and the Food Administration was authorized not only to guard against illegal practices and monopoly but also to limit the profits of the great packers, and the Bureau of Markets of the Department of Agriculture to protect against profiteering in all of the market agencies was authorized to place these agencies under Federal licenses. From the time that act was passed until shortly after the signing of the armistice this industry, Mr. President, was under strict control. Although the packers knew that this regulation was about to end they made the rather amazing argument that because regulation by these Government agencies was successful the suggested bills should not be enacted. When Mr. Swift appeared before the Senate Committee on Agriculture in January, 1919, he complimented the Bureau of Markets upon its efficiency and expressed some satisfaction with the bureau's methods. What, we may ask, is the peculiar condition that will transform the Bureau of Markets from an efficient and beneficial agency to an agency that will bring ruin and disaster to the business merely by the passage of a measure which places the functions of the Bureau of Markets under the direction of a Federal live-stock commission?

#### PRACTICAL RESULTS OF GOVERNMENT SUPERVISION.

It may also be pointed out in this connection that during the year 1918, while the Food Administration was exercising its war powers of control over the packing industry, production and consumption in the United States were vastly increased. We succeeded not only in producing sufficient meat to feed our Army in Europe and supply the civilian population of the associated nations, who were unable to draw upon Australia and South America because of the lack of shipping, but we developed such a surplus that the use of meat in the United States increased to such a degree that for the first time in almost 20 years the per capita consumption was greater than it was in the year



1900. The producer had a larger market. The consumer had a larger supply. And all of this under Government regulation and control far more stringent than that which is here proposed. It is not without its significance that the months which have elapsed since the Food Administration ceased to use its powers have seen the collapse of the live-stock market. Within the past 13 months there has been a decline in the value of cattle on the hoof of from 33½ to 39 per cent. When Congress adjourned a year ago last March cattle were selling in Chicago at \$20.40. They are now selling at from \$12 to \$13.50. Every live-stock journal in the country is filled with statements from shippers to the effect that they are through with beef production. This inevitably suggests a shortage for the future and the necessity for the reestablishment of some form of Government supervision of market conditions.

In any event, it is clear that the record of the Food Administration and of the Bureau of Markets during the war is a complete refutation of the charge that this legislation would have the slightest discouraging effects upon the industry. Rather, indeed, is this record a proof that very real and immediate benefits may be expected to accrue from its enactment.

We do not propose a law that will hamper or even disturb the legitimate operations of any agency associated with this industry. We do not ask legislation for the purpose of punishing any man for the errors and abuses of the past. We ask legislation only for the purpose of bringing about a better understanding in these markets; we ask only an authorized Government instrumentality that will inspire universal confidence by eliminating the possibility of unfair practices.

This bill is not drawn in the interest of any special class—it is drawn in the interest of all classes. Producer, consumer, and packer will all benefit by its adoption. I venture the assertion that the reduction of the prices of foodstuffs to a normal level would go further toward allaying the unrest of to-day than any other influence. By means of Federal supervision of our markets we can eliminate unnecessary and arbitrary levies of cost. In proportion as we do this we shall stabilize values and thus bring confidence to the field of production, which will automatically increase the supply and lower the price to the consumer. The present demoralization of the market can have only the opposite effect. Because confidence has been undermined, production is becoming more and more hazardous, with the inevitable consequence that a diminishing supply will still further enhance the cost to the consumer. It has been amply demonstrated that there is no private agency, not even the packer, capable of coping with the situation. The Federal Government alone can furnish the remedy, for the Federal Government alone can represent all classes.

If written upon the statute books, this measure will go far to lead back to the farm the young men who have been lured away by other industries and it will help to keep on the farm those who are there now. By insuring a more equitable distribution of the profits of the industry, it will have the effect of counteracting the attractions of the city, and, as already indicated, of stimulating production, thereby furnishing a larger supply to the consumer.

The packer, too, will benefit. Relieved of the necessity of forever fighting at great expense to retain his special privileges he will be able to devote more time and attention to his proper business. Monopoly rendered impossible, new capital will be invited into this industry and new avenues will be opened from the range to the table.

Indeed, Mr. President, if there is one agency more than another that is vitally concerned in settling this question now and settling it right, it is the big packer. He wholly misjudges his position and the effect of his action if he imagines that by resisting this needed reform and striving to perpetuate irresponsible private control of this most vital of all our industries, he is serving his own best interests. No man, and least of all, the man of unusual property interests, has any right to ask that the public shall show any more sacred regard for his rights than he shows for the rights of the public. The people of this country are still inherently sound in their adherence to the rights of property; they have no prejudice against wealth as such, but their attitude toward it is dependent upon the manner in which it has been accumulated. If it has been earned as the reward of real service, its owner may be assured of the respect and good will of his fellow citizens; but when it has been acquired by brutal and unfair means the American people have neither respect nor sympathy for its possessor.

#### LEGISLATION INEVITABLE.

The public conscience condemns with increasing severity the sharp and dishonest practices which were so readily condoned only a few years ago, and at the same time it demands with increasing insistence that every man shall have a square deal.

If the Congress of the United States closes its ears to the legitimate appeals for assistance and protection coming from the great masses, if by inaction or neglect it permits men of enormous wealth to shut the door of opportunity to other men, then, sir, we may confidently look for the growth of radical theories. All the obstruction the opponents of this legislation may be able to raise now can not prevent, it can only delay, the solution of this problem, and the longer action is arbitrarily postponed the more extreme will be the final reckoning. This lesson, Mr. President, is written across the skyline of Europe to-day, in blazing characters, and no man should be more prompt to read it than the man of property—no man should be more prompt than he to show by his cooperation in bringing about any necessary reform that in the possession of great wealth he recognizes the responsibility of stewardship toward the public.

The measure of relief here offered, Mr. President, is one that should have ready support. We have seen the tremendous magnitude and importance of the industry with which it deals, one of the oldest pursuits of man; we have reviewed its history in the United States during the past 30 years, a history of constant clamor, constant discord, constant discredit; we have seen that the great majority of those who are interested in the industry are unable to protect themselves and are dependent upon the arbitrary will of a few men, and, finally, we have seen that in framing the legislation which has been presented to the Senate every care has been taken to draft a bill which shall guarantee absolute integrity in the markets without interfering in the least in private initiative or private enterprises. Failure to act now can only have the effect of prolonging present discordant and discreditable conditions without in the end preventing reform. Favorable action, on the other hand, will bring such confidence and harmony that the entire Nation will be benefited.

During the delivery of Mr. KENDRICK's speech,

The PRESIDING OFFICER (Mr. WALSH of Massachusetts in the chair). The Senator from Wyoming will please suspend. The hour of 2 o'clock having arrived, it becomes the duty of the Chair to lay before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (H. R. 10378) to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the distribution, regulation, and use of property acquired thereunder, and for other purposes.

The PRESIDING OFFICER. The Senator from Wyoming will proceed.

Before the conclusion of Mr. KENDRICK's speech,

The VICE PRESIDENT resumed the chair.

After the conclusion of Mr. KENDRICK's speech,

Mr. CALDER. Mr. President, we have just listened to a very illuminating address dealing with abuses of the packing industry. The Senator from Wyoming [Mr. KENDRICK] has shed a great deal of light upon that subject. I propose to occupy the time of the Senate for a few moments on the subject of national production.

For reconstruction a hand-to-mouth policy is impossible.

Ever-increasing production must be our national objective.

To increase production we must first increase our means of production—our tools of industry.

Mr. President, on Friday of last week the Senator from Oklahoma drew the attention of the Senate to the probable effect of a horizontal raise in discount rates upon our means of production and distribution and upon agriculture. On the same day the Senator from Missouri introduced a resolution requesting information from the Interstate Commerce Commission as to the extent of the present freight congestion and as to means proposed to relieve this congestion. Since then we have had a number of illuminating addresses on the subject of profiteering, hoarding, and taxation by the Senator from Massachusetts [Mr. WALSH] and the Senator from Colorado [Mr. THOMAS] and the Senator from Iowa [Mr. KENYON].

I regret that subsequent statements in the Senate and in the daily press have been far from reassuring.

Through increasing discount rates hoarded goods may be liquidated and we may experience a falling of prices, but this can not increase our supply of commodities or increase our capacity to produce commodities. It can not materially reduce the cost of the rehabilitation of our depleted transportation facilities, for the lack of which construction, agriculture, and manufacturing are impeded.

Hoarding may have been an important factor in the increase of prices during the past year, but hoarding has always taken place when shortages have been anticipated.

The rise in prices has been attributed to the general practice of profiteering, but extortionate demands always accompany shortages.



The rise in prices has also been attributed to inflation, but inflation was certainly induced by the world's shortage of commodity.

Inefficiency of labor has been blamed, but there is a shortage of labor, and labor has questioned the increasing use of capital in speculation rather than its investment in manufacturing, transportation, and housing.

To-day it is impossible to realize the extent and the many consequences of the world's shortage. The actual wastage of wealth caused directly by the war is probably but one-fifth of the total world's loss due to the diversion of capital and labor from their usual peace-time employment.

It is futile to repeat the age-long unsuccessful experiments in price fixing. History records so many unsuccessful attempts by governmental authorities to regulate prices from those of Emperor Diocletian, Queen Elizabeth, and King Edward II to the recent attempts of our own Federal and State authorities.

However necessary such paternalistic legislation may be to protect the public from the conditions of monopoly and panic, such legislation has never afforded permanent relief. Enterprise and money go where they make friends. The supply of commodities and housing can not be increased by limiting the promise of return to the enterprise and capital necessary to produce them.

It is futile to simply attribute high prices to inflation, profiteering, hoarding, inefficiency of labor, or diversion of capital. It is futile to wait and hope that a dip in prices through the liquidation of a limited amount of commodity will bring about continuous relief and development.

Our national objective must be ever-increasing production, but to increase production we must first increase our means of production. A hand-to-mouth policy may be necessary during war, but it is impossible during reconstruction.

The United States has been doing little of late to develop its agricultural, mining, manufacturing, transportation, and housing, even though it knows that costs can not decrease until such development has set in.

As one who has spent his life in the building business, I naturally look to the improvement in the nation's machinery of production as the means of permanently increasing its supply of useful commodities.

The necessity for plant improvement and increased construction of all kinds seems to be clearly written in modern history.

About 120 years ago a theory was advanced that the increase in the means of living was much less rapid than the increase in population—the former increasing in arithmetical and the latter in geometrical ratio. Relief under such circumstances could come only through periodical depopulation, as through birth control, famine, plague, or war.

This doctrine, announced by Robert Malthus in the year 1798, was widely accepted, but improved appliances for production and distribution during the past century have so multiplied the earning power of the individual and increased the world's goods that the standard of living has been raised instead of lowered. Luxuries and even leisure have been possible in spite of the increased population.

The creation of new and more efficient means of production—railroads and canals, machinery and building—was largely responsible for the development of the natural resources of the United States, culminating just before the Civil War in the business depression of 1857, due to speculation incident to canal projects and other causes.

The end of the Civil War found the United States with decreased facilities for production and distribution and a shortage of commodities and of houses, but the national plant was speedily rehabilitated through the development of railroads and machinery. Land was called into production through the homestead acts; tonnage production succeeded pound production and machine methods succeeded hand methods. As means of production and distribution increased—although interrupted by the panic of 1873 due to inflation and railroad speculation—prices of commodities gradually became less and wages greater.

Commencing about 1891, however, the country began to feel the effects of increased gold production and of greater combinations of both labor and capital. The population gradually turned away from development toward merchandising and trading; "money was made" through deals and consolidations. As development was halted, a distinct trend toward higher prices set in after 1896. This trend toward higher prices became a noticeable factor in deterring physical development after 1907.

The commencement of the Great War in 1914 found this country with limited per capita plant requirements, with a debt to Europe of \$6,000,000,000 represented largely by securities sold on account of plant construction. The Great War brought about an extraordinary foreign demand for our commodities. We

received in return gold, securities, and inflated credits. Commodities became scarce, profits and wages increased. But these were spent in consumables rather than in plant. Our railroad extensions were stopped and rolling stock depleted, our rapid-transit facilities became inadequate, and our factory equipment, except for war production, fell behind its former standards.

Our own entry into the Great War found us with our peace plant still further depleted. Its reconstruction was checked by governmental allocations. Since the cessation of hostilities the exceptional demand for nonessentials has still further retarded the rehabilitation of housing, factories, and transportation. People have been lulled into a false sense of well-being and prosperity by inflation of currency and credit, which have temporarily bridged the gap. Meanwhile the depletion of the national plant has been so gradual that its cumulative effect has not yet been fully realized.

Being still unsettled and technically at war, the free and natural flow of men and material to places of exceptional demand is not taking place nor are we as a nation taking steps to gain a more complete understanding of the facts and to establish the equilibrium between supply and demand.

Organized groups are impeding transportation and production in an effort to secure increased wages, made necessary in part by the shortage of efficient facilities. There seems to be a popular belief that the situation may be cured by legislation which may change the distribution of commodities among the people, rather than increase the quantity of commodities to be distributed.

As we continue to spend and speculate in the limited products of our limited plant, giving little thought to its betterment, we find ourselves facing the law of diminishing returns.

We are now face to face with a housing shortage throughout the land. The construction of manufacturing buildings is being postponed on account of high prices and also because transportation and labor are unavailable. It is said that the car shortage can not be made up for several years; in the meantime transportation is inadequate, grain is being held in elevators, and a severe fuel and food shortage is predicted for the coming winter and spring.

We have witnessed the remarkable physical development of Germany before the war; we have noted the attempt of Germany to develop its facilities by the removal of machinery from France and Belgium during the war; and we have even been told that her industrial engineers followed her armies into Poland and elsewhere, making surveys for railways, hydroelectric plants, drainage canals, and other peace-time developments. We know that one of Germany's most serious blows to France was the destruction of the French manufacturing and mining districts.

The specific obligation now confronting the United States is so to increase its facilities for the production and distribution of useful commodities as to adequately meet the needs of its people. The plant development in the United States to-day is not adequate for its domestic needs. The United States can not give foreign succor or meet world competition until it has corrected this situation and has facilities for the production of necessities in excess of those required at home.

We recognize the influence of the introduction of improved means of production and distribution upon the world during the past century and particularly upon the United States immediately after the Civil War.

It is to be hoped that we are not to have a serious business depression; but if one should come it will, I believe, be of short duration, and after it is over I believe the Nation will enter into a period of physical development which will be even greater in magnitude than that period of physical development succeeding the Civil War and which will more adequately utilize its national resources. This reconstruction must be physical in fact. To increase production we must first increase our means of production.

Mr. SHERMAN. Mr. President, will the Senator yield for a brief observation?

The PRESIDING OFFICER (Mr. PHELAN in the chair). Does the Senator from New York yield to the Senator from Illinois?

Mr. CALDER. I yield.

Mr. SHERMAN. I should especially like to direct the attention of the Senator from Wyoming [Mr. KENDRICK] to this fact:

The range that formerly sent a great number of cattle into the Chicago and Kansas City markets no longer exists. It has been taken up by actual settlers and withdrawn from the open range. The Senator from Wyoming, in his address awhile ago, called attention to the decrease in the number of cattle in the United States going into the market to furnish a basis for our beef supply. I wish to direct the attention of the Senator from



New York to the fact that the decrease in the acreage of range has gone directly to the subject to which he is now addressing his paragraph.

The Senator from Wyoming further followed with the statement that hogs have not been reached by the packers in their depredations and that the hog market is still supplied. That is because there is a difference between the conditions that produce a steer and the conditions that produce a hog. A steer is a civilized product only when he is raised in an inclosed pasture. The steer that came from the range of the West and Southwest no longer has the range. A hog does not need range. He is a meat animal that requires a sedentary life, and the more he ranges the poorer producer of human food products he is. As inclosures have been taken up and farms have been created, the hog has naturally increased, because he is a purely nonrange product.

Hogs have increased all over the United States in production; but the range, from which the Senator from Wyoming awhile ago argued that our beef supply has fallen off, has decreased. The same thing decreases the supply of mutton, because the sheep is largely a ranging animal; and the large supplies of mutton and beef hereafter probably will come from Australia, where there is a great open range preserved even to this time.

Mr. CALDER. The interruption of the Senator from Illinois is very illuminating. It gets back to just what I said at the close of the last paragraph—that reconstruction should be physical in fact, and to increase production we must first increase our means of production. If we do that—and that is a subject to which we ought to give our attention—then the rest will not be so difficult.

Mr. President, Senate Resolution No. 350, introduced by me, was adopted by the Senate on April 15. Under the provisions of that resolution a special committee has been appointed, consisting of Senator KENYON, of Iowa; Senator EDGE, of New Jersey; Senator WORCOTT, of Delaware; Senator GAY, of Louisiana; and myself as chairman, to investigate housing and all forms of construction throughout the country, and of industries upon which the construction industry is directly and indirectly dependent. In my opinion the adoption of this resolution by the Senate is a timely act, recognizing as it does that structural development is necessary for the fuller utilization of the Nation's resources, for the production of its essentials, and for the amelioration of its housing conditions, and that construction was curtailed by the war and is now hampered by an unprecedented demand for consumables.

The scope of the committee's work is necessarily extended because of the interdependence of the various factors, it being evident that construction can not proceed without transportation, labor, and capital, and that construction of all kinds is necessary for increased production.

The time allotted to the committee is comparatively short. Accurate and detailed information is essential.

In order to amplify and verify data otherwise obtained, it is the desire of the committee that it may receive from the Senators and Congressmen their personal knowledge as to home conditions, together with their suggestions as to means to relieve these conditions. The committee also earnestly invites the cooperation of Federal, State, and municipal authorities, as well as that of organized industry.

Mr. SHERMAN. Mr. President, may I make an inquiry of the Senator from Wyoming [Mr. KENDRICK], with regard to his address of a short while ago? Let me ask the Senator why, in drafting the bill, recourse to the trial courts where juries may be impaneled is entirely avoided?

Mr. KENDRICK. Mr. President, I do not think there was any plan to avoid it, and certainly there was no intention to leave those concerned and affected by the proceeding without protection. It is a matter in regard to which I can not answer the Senator offhand.

Mr. SHERMAN. I will state—probably the Senator is informed of the constitution of our Federal courts—that the United States court of appeals is not what lawyers call a nisi prius court, or a trial court, in which a jury can by its constitution be impaneled. It is one of the inferior courts of the United States mentioned in the Constitution over which Congress has jurisdiction to legislate. Accordingly it has within a comparatively recent time created the United States courts of appeal. They are not trial courts, as they are known to the administration of justice. They can not and do not impanel juries to try questions of fact to which citizens of the country may submit disputed questions of evidence.

The court to which the packers may appeal from a finding of fact by the live-stock commission provided is the United States circuit court of appeals in the district wherein the order was made. This is not a trial court in which a jury can be impaneled. Why is this appeal directed to the United States

circuit court of appeals instead of the United States district or circuit courts, wherein juries may be impaneled to decide questions of fact?

Mr. KENDRICK. Mr. President, it was my understanding that the complaint was referred to the court of appeals more particularly for the purpose of expediting the decision. The Senator from Iowa [Mr. KENYON] had something to do with drafting the bill, and I will ask him to answer the question.

Mr. KENYON. I did not hear the Senators' discussion, so I can not answer the question.

Mr. SHERMAN. The inquiry was why the trial courts were avoided in appealing from the finding or the order of the live-stock commission created in the bill.

Mr. KENYON. Only to expedite the procedure.

Mr. SHERMAN. It was not at all to avoid a jury trial?

Mr. KENYON. Certainly not.

Mr. SHERMAN. That was never dreamed of in the committee?

Mr. KENYON. Not at all.

Mr. SHERMAN. Has the Senator any objection to an appeal to the district and circuit courts of the United States where on a finding of fact a jury can be impaneled?

Mr. KENYON. Not at all. I have always favored jury trials. The only object was to expedite the proceedings, if it was considered at all. That was all.

Mr. SHERMAN. It was not to substitute an ex parte commission for the jury system of the country?

Mr. KENYON. Not at all. The Senator sees a ghost that is not there.

Mr. SHERMAN. I do not want to be unduly alarmed about an invasion of our liberties, but would the Senator object to an amendment restoring the hearing of this matter on an appeal from the commission to the trial court, if I should offer it at some future time?

Mr. KENYON. I would like to take it up and discuss it. I have no power to accept it, anyhow, of course.

Mr. SHERMAN. Would the Senator himself oppose it? I will put it in a way that he can answer.

Mr. KENYON. I am not inclined to oppose the determination of any of these questions by juries. I have great faith in the American jury system.

Mr. KENDRICK. Mr. President, will the Senator yield?

Mr. SHERMAN. Certainly. I am talking in the Senator's time.

Mr. KENDRICK. As one of those who has favored and been interested in this legislation, I certainly would not oppose that change, because my purpose throughout the whole effort to secure legislation has been one, as stated a moment ago, which will prove a benefit not only to the great agencies of one or more of those concerns but to everyone connected with the industry. That is the sole purpose of the legislation, so far as I am concerned, and, if I believed it would safeguard the interests of those who were affected, I would not object to it.

Mr. SHERMAN. Would the Senator object to an amendment which would give the person or company investigated a right to be heard in a district or circuit court of the United States before a jury on a matter of fact upon the evidence taken before the commission, which is more in the nature of a commission or a master in chancery for taking evidence, to get the facts and take findings on them? Would the Senator object to an amendment which would secure the right of trial by jury in one of the trial courts of the United States?

Mr. KENDRICK. I certainly would not; and, Mr. President, I may say further to the Senator from Illinois, it has been my purpose here to avoid infringing upon the rights of any person connected with this industry and to avoid any disposition or inclination to punish anybody in connection with it. The inspiration behind the legislation with me is to eliminate for once and all time this continual clamor about the unfair practices of those markets, and any changes that are required in the proposed bill which would tend to protect more fully the rights of all involved I should be more than willing to go along with; and I would go further and depend a good deal upon the legal judgment of the Senator from Illinois.

Mr. SHERMAN. I thank the Senator for the implied compliment; but in seeking to create a commission, if the Senator, with the Committee on Agriculture of the Senate, has discovered a method of ending these disputes between buyer and seller, he has done something that 6,000 years have hitherto failed to do. It began shortly after Adam left the Garden of Eden, and it is still here in the Senate.

#### THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 10378) to provide for the promotion and maintenance of the American merchant marine, to



repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes.

The VICE PRESIDENT. The question is on the amendment of the Senator from New York [Mr. CALDER].

Mr. CALDER. I ask permission to withdraw the amendment and propose the following amendment.

The VICE PRESIDENT. The amendment is withdrawn, and the following amendment is offered by the Senator from New York.

The READING CLERK. Add a new section to read as follows:—

SEC.—Unless the board shall approve and by formal order so authorize, no vessel owned or operated by the Panama Railroad Co. shall be operated commercially in the transportation for hire of persons or property, except between ports of the United States, Haiti, and the Panama Canal, in competition with vessels of the board or with vessels of the United States wholly owned or operated by citizens of the United States.

The VICE PRESIDENT. The question is on the amendment as now offered by the Senator from New York.

Mr. ROBINSON. Mr. President, I do not believe the amendment submitted by the Senator from New York should be agreed to. The Senate should be advised fully as to the purpose and the effect of this amendment.

When the United States Government purchased the assets of the Panama Canal, it acquired the Panama Railroad Co., which owned and operated a line of steamships. The Panama Steamship Line is not incorporated. It is operated in connection with the Panama Railroad Co., which is a Government corporation. There are a number of vessels—the *Colon*, the *Panama*, the *Alanca*, and the *Advance*—operating in the regular weekly passenger service between New York and the Canal Zone, the *Colon* and the *Panama* stopping at Port au Prince on their outward and homeward trips. This steamship line also owns the *Ancon*, which is now in the Army service, but which it is expected shortly will be returned to the Panama Steamship Line. The *Cristobal*, a large vessel, is now in dry dock at Balboa being reboilered, and that vessel will be laid up for about five months.

The *Gen. O. H. Ernst* and *Gen. H. F. Hodges* are German interned steamers now being operated in the freight service of the Panama Steamship Line between New York and the Canal Zone. The *Gen. G. W. Goethals* and the *Gen. W. C. Gorgas*, which complete the list of the fleet of the Panama Steamship Line, are now in the Army service carrying troops. They are expected, however, shortly to be returned to the service of the Panama Steamship Line.

While the morning business was under consideration I made a statement with reference to an article in the nature of propaganda relating to the subject matter of this amendment sent out by the Washington bureau of the Journal of Commerce. I also referred to a letter written by Mr. T. H. Rossbottom, the assistant to the vice president of the Panama Railroad Co., explaining the policy of the Panama Steamship Line, and explaining also somewhat in detail the real nature of the controversy which is presented to the Senate in the amendment of the Senator from New York.

The Senator from New York on yesterday offered an amendment which, in effect, forbids the Panama Steamship Co. to take passengers or freight at any foreign port except from the Canal Zone. It seeks to limit the steamships of the Panama Steamship Line in the carrying trade to the transportation of supplies to and from Panama.

Prior to the outbreak of the European war, Haiti was practically without means of transportation. At the instance of the Navy Department, the War Department, and other agencies of the Government, the Panama Steamship Line adopted a policy, which it is now pursuing, of stopping at Port au Prince in Haiti and taking on and discharging cargoes and passengers. That service was needed by the people of Haiti.

The Panama Steamship Line operated to some ports of minor importance for a time, but the policy of doing that was severely criticized by the Shipping Board, and the steamship line, in order to preserve harmony, abandoned that policy, and now for some time it has been pursuing the course of having two of its steamships stop monthly at Port au Prince to take on and discharge passengers and cargo.

The competitors of the Panama Steamship Line in the Haitian trade are the Dutch Line, a foreign steamship corporation, and the Raporel Line, which is operated by merchants. The representatives of the Panama Steamship Line are assured from their investigations of the subject that the Raporel can not maintain itself in the Haitian trade, due to the fact that merchants who are not interested in the steamship line are scarcely willing, certainly not anxious, to ship their goods in vessels owned by competitors.

The Panama Steamship Co., or its representatives, find that if the United States is precluded from participating in that trade it will likely pass very shortly under a foreign flag.

The Senate well understands the relationship between the United States and Haiti. If the Senate desires to adopt a policy which, in practice and effect, means denying admission to Haitian ports of ships carrying the American flag, they can do so. The Senator from New York just a moment ago withdrew an amendment which he presented yesterday, and now presents another amendment, which would give the Shipping Board control over the vessels of the Panama Steamship Line and deprive the officers of the Panama Steamship Co. of the power to engage in the trade except at ports in Haiti and the Canal Zone.

This amendment in a sense grows out of a controversy which has arisen between the Shipping Board and the Panama Steamship Line. The Shipping Board, it seems, has adopted a policy and is seeking to enforce that policy not only as affects the vessels under its control, but also as affects vessels over which it has no jurisdiction under the law, namely, ships under the control of the Panama Steamship Line. That policy, briefly stated, is that Government-owned and Government-operated vessels shall not compete for any trade where privately owned and operated lines are in the trade.

Do Senators know what that means? It means that if the amendment goes into effect, the arrangement now in existence between the Panama Steamship Line and the Chilean Line, which is a Government-owned line, and the Peruvian Line, which is a Government-owned line, being owned by the respective Governments of Chile and Peru, will be terminated, and the United States will pass entirely out of the carrying trade between South American and Central American ports, except the Canal Zone, and, as the amendment is now presented, Haitian ports.

The undisputed facts are that the United States ships, the ships owned and operated by the Panama Steamship Line, can not compete with foreign vessels if they are limited to the receipt of cargoes from foreign ports in the Canal Zone and in Haiti. The undisputed fact is that there is very little cargo for New York and other United States ports to be taken at the Canal Zone, and if the Panama Steamship Line in operating its vessels is denied the right to take on cargo at ports other than the Canal Zone and the Haitian ports, if it is denied the right to transfer cargoes with the Chilean Line and the Peruvian Line, the Panama Steamship Line will have to greatly increase rates for carrying supplies to the Panama Canal Zone.

In addition to that, the Panama Steamship Line is now operating vessels between the Canal Zone and certain Colombian ports, the principal cargo being cattle transported to the Canal Zone and consumed by the inhabitants of the Canal Zone who are Government employees. If this arrangement is disturbed, if the Government be denied by the law of Congress the right to transport necessary foodstuffs, these meat products, from Colombia to the Canal Zone, if they are secured at all they likely will have to be carried at enormously increased rates in foreign bottoms.

Mr. NUGENT. Mr. President, will the Senator yield?

Mr. ROBINSON. I take pleasure in yielding.

Mr. NUGENT. The matter which the Senator from Arkansas is discussing is one of prime importance, it seems to me. I will ask the Senator if he will yield in order that I may suggest the absence of a quorum, as I believe that it is highly advisable that absent Senators know something of the argument that is being advanced by the Senator from Arkansas in opposition to the amendment.

Mr. ROBINSON. The Senator from Idaho does me great honor when he suggests that Senators now absent would remain if they responded, but if the Senator from Idaho thinks that it will secure a better hearing and thinks the argument I am now making is of sufficient importance to justify it, I yield to him to make the test.

Mr. NUGENT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Reading Clerk called the roll, and the following Senators answered to their names.

Ball	Johnson, Calif.	McNary	Simmons
Calder	Jones, N. Mex.	Nelson	Smith, Md.
Capper	Jones, Wash.	New	Smoot
Chamberlain	Kellogg	Norris	Swanson
Curtis	Kendrick	Nugent	Thomas
Dillingham	Kenyon	Overman	Trammell
Edge	Keyes	Page	Underwood
Gronna	Lenroot	Phelan	Williams
Hale	Lodge	Ransdell	
Harding	McCormick	Robinson	
Harris	McLean	Sheppard	



The VICE PRESIDENT. Forty-one Senators have answered the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Reading Clerk called the names of absent Senators, and Mr. McKELLAR, Mr. PITTMAN, and Mr. STERLING answered to their names when called.

Mr. KING entered the Chamber in answer to his name.

Mr. KING. I wish to announce that the Senator from Missouri [Mr. REED] is serving upon a subcommittee of the Committee on the Judiciary, and is unavoidably detained.

Mr. FRANCE, Mr. STANLEY, Mr. WARREN, Mr. McCUMBER, and Mr. KNOX entered the Chamber and answered to their names.

Mr. McKELLAR. The Senator from Mississippi [Mr. HARRISON] and the Senator from Kentucky [Mr. BECKHAM] are absent on official business.

The VICE PRESIDENT. Fifty Senators have answered to their names. There is a quorum present. The Senator from Arkansas will proceed.

Mr. ROBINSON. Mr. President, I will not repeat in detail the statement which I made prior to the suggestion of the absence of a quorum, but, for the benefit of Senators who have come in, will point out the fact that the amendment now under consideration, submitted by the Senator from New York [Mr. CALDER] provides—

Unless the board shall approve and by formal order so authorize, no vessel owned or operated by the Panama Railroad Co. shall be operated commercially in the transportation for hire of persons or property, except between ports of the United States, Haiti, and the Panama Canal, in competition with vessels of the board or with vessels of the United States wholly owned or operated by citizens of the United States.

I have already stated something of the history of this subject and pointed out the fact that the adoption of this amendment by Congress means practically the elimination of vessels bearing the American flag from the carrying trade between the ports of this country and those of Central and South America. It is the policy of the Shipping Board that steamers owned or controlled by the Government shall not compete with steamers owned and operated by individuals and corporations and that the general policy of the Government should be to get out of the steamship business and turn it over to individuals and corporations. Whether we approve or disapprove of the general policy of the Shipping Board as just stated, it will be fatal to American interests, that ought to be conserved, to adopt the amendment of the Senator from New York.

I have already pointed out the fact that the United States can not compete with foreign vessels in carrying supplies from the Canal Zone to the United States or from the United States to the Canal Zone, if this provision goes into effect, because the Panama Steamship Line vessels will be substantially denied the opportunity of taking return cargoes, very little cargo originating in the Canal Zone. Haitian cargo, while considerable, and increasing, is insufficient to afford adequate return cargoes for the ships of the Panama Steamship Line.

There is another vice in this amendment that goes to the very bottom of the question. South America is beginning a period of development. The United States now has an opportunity of developing a great trade with various Central American and South American ports. In a measure designed to re-establish the American merchant marine, in a measure designed to restore the American flag to the seas, it is proposed to adopt an amendment which will deprive American vessels now in operation of the right to engage in the South American trade, and which, whether designed for that purpose or not, will have the effect of placing shipping between South American ports and ports in the United States under the British and the Dutch flags. Let Senators dare stand for such a policy!

Mr. JONES of Washington. Mr. President, I have a great deal of sympathy with the purpose the Senator from New York [Mr. CALDER] desires to accomplish, as stated by him yesterday—that is, to prevent a Government agency from competing with private service in the same line of business in connection with shipping along the same route—but I think it would be unwise to adopt the amendment at this time.

The problem, as the Senator from Arkansas [Mr. ROBINSON] has pointed out, is quite a broad one and is rather complicated. While the amendment is quite simple and plain in its terms, its effect might be different from what we expect. I can not see any reason why the Shipping Board and the Panama Steamship Co. or the War Department can not get together now without any legislation and work for the accomplishment of the end that I am sure both of them desire.

I have here the statement from the War Department to which the Senator from Arkansas has referred. I think they present a very strong showing as to the need for very

positive action upon the part of the Government. The trade of the Caribbean and of the South American countries is a very important one, and it is one that we ought very largely to have. If we can not get it through private enterprise, I am in favor of using Government agencies to get it and to hold it. I know that the Dutch lines and the English lines will strive to the utmost to get that trade, and I think there is much basis for the fears expressed by the War Department in its memorandum.

What I want to see is the War Department and the Shipping Board working together with the determination to hold that trade for this country, either through private enterprise or through Government agencies. I think they can work it out under present legislation and under the bill which we have pending, if we pass it; but, in my opinion, it would be unwise to try to deal with this proposition on this bill at this time here on the floor of the Senate without having all the facts and without having heard either of the Government agencies or the private parties with reference to the particular matter.

Mr. CALDER. Mr. President, I can not permit the remarks of the Senator from Arkansas [Mr. ROBINSON] to go unchallenged. He intimated that this amendment was in the interest of foreign shipping. He did not suggest that that was my purpose in offering it, but that was the only deduction one could draw from his statement.

I introduced the amendment after consultation with the representatives of four American-owned shipping companies operating in the Caribbean and to South American ports. Two of those companies operating Shipping Board vessels and the two others operating ships flying the American flag have, after a great struggle, built up a business on the Isthmus and in the northern ports of South America, and just now are arriving at a time when their business is profitable.

The amendment which I offered yesterday would have prevented the Panama Steamship Co. from extending its lines beyond the Panama Canal Zone. I did not then know that the vessels of this company made regular stops at ports in Haiti, and that they had built up a considerable traffic there since the war began. When I discovered this I agreed to change my amendment so as to permit the continuation of the service to Haiti.

Mr. President, the Panama Railroad Co. operates these vessels, and the Panama Railroad Co. is owned by the United States Government. This shipping line was in operation, in part, before we took over the Panama Canal property nearly 20 years ago. It has been continued since then to supply Government needs on the Isthmus and to carry freight and passengers, both of a public and private character, to and from the Isthmus. It has not until recently sought to engage in competition with privately owned and operated American steamship lines; but now, in opposition to another Government function, namely, the Shipping Board, which was created for the purpose of expanding and developing our commercial shipping, in opposition to their views and position in this matter, it proposes to compete out of its own natural field.

When this bill was under consideration the Shipping Board suggested the propriety of having the entire maritime business of the Panama Railroad Co. turned over to that board. The Committee on Commerce refused to permit this to be done, and I concurred in that action, because of the fact that this line was being efficiently managed, and besides the interests of the Government on the Isthmus were so great that the committee believed we should not experiment by change of control; but the committee had no idea that this Government owned and operated line would attempt to enter into competition with private enterprise or the Shipping Board in this manner.

Mr. President, the four American lines—I am going to put their names in the Record again, because the Senator from Arkansas refers to a Dutch line and some other foreign lines—the four American companies operating to the Isthmus of Panama and to Colombian and other northern ports of South America are the United Fruit Co., the Caribbean Steamship Co., the Tropical Steamship Corporation, and the Columbus Steamship Corporation.

After introducing my amendment yesterday and observing that there was objection to it I conferred with the Shipping Board, and I have here a letter written to me by the board, which I desire to read:

A substitute draft of amendment is submitted which I think takes care of the situation, and takes care of the objection that we should stop the United States from operating its own vessels simply because some other established line was in competition.

There seems to be a desire on the part of the Government departments to extend their commercial operations in competition with the Shipping Board and private operating companies. By giving the Ship-



ping Board the power to determine whether or not they shall operate commercially on a given route this matter may be controlled, and we may ultimately bring the situation back to where it belongs, which is to have the boats in the hands of the private operators on a well-established route, in accordance with the general policies of the bill. Unless this is done, the board will undoubtedly be handicapped in its effort to sell these vessels to private operators and in the establishment of these new routes which are authorized by the bill.

Under the terms of my amendment the Shipping Board may authorize the Panama Railroad Co. to engage in trade with any port in South America it cares to. The course proposed by the amendment, it seems to me, is the proper one; it places the control of this matter completely in the hands of the Shipping Board, the one department of the Government where it should naturally be, and prevents a situation where different departments roam all over the world in establishing routes and competing with each other and with private American interests.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. CALDER. I yield.

Mr. EDGE. Along the line of the reasoning of the Senator from New York, my attention has been drawn to an amendment in the Army appropriation bill, which has been reported to the Senate and is now pending on the calendar. That amendment is as follows:

*Provided further*, That hereafter when, in the opinion of the Secretary of War, accommodations are available, transportation on Army transports may be provided for the members and employees of the Porto Rican Government and their families without expense to the United States.

The following proviso, however, is the one to which I desire to direct particular attention:

*Provided further*, That in the discretion of the Secretary of War, and when space is available, civilian passengers and shipments of commercial cargo may be transported on Army transports at rates not less than those charged by commercial steamship companies, between the same ports, for the same class of accommodations, the receipts from which shall be covered in the Treasury of the United States to the credit of miscellaneous receipts.

That provision simply demonstrates the point the Senator is making, that we apparently have competition between two departments of the Government—the War Department and the Shipping Board, to the latter of which we are trying now to turn over the development of our merchant marine. The proviso now pending in the Army appropriation bill shows very plainly that the Government is directly in competition with the American steamship companies running to the same ports.

Mr. CALDER. It seems to me, Mr. President, that this amendment is so safeguarded as to protect every American interest and that there ought not to be any objection to it.

Mr. ROBINSON. Mr. President, the Senator from New York [Mr. CALDER] bases his support of this proposition upon the ground that United States owned vessels ought not to be permitted to compete with vessels privately owned. With singular inconsistency, as it seems to me, he has modified his amendment so as to recognize the right of the Panama Steamship Co.'s vessels to compete with privately owned vessels for the Haitian trade and the Canal Zone trade.

I pointed out a while ago the fact that unless the existing arrangement is continued, the arrangement in force between the Panama Steamship Line, the Peruvian Line, and the Chilean Line, by which transfers of cargo are made and by which the Panama Steamship Line acquires cargoes originating in South America for New York and other ports, the Panama Steamship Line vessels will be unable to compete or to participate in the South American trade. The only two companies now engaging in the Haitian trade are the Dutch Line and the Raporel Line. The Raporel Line, as I showed a while ago, can not continue in that trade under present conditions; so that if the original amendment of the Senator from New York had been adopted the Haitian trade would have passed entirely from under the United States flag.

But, Mr. President, to show you further the vice in the proposition that the Senator presented here, at the instance of so-called American shipowners, Haiti is now without adequate transportation facilities. I stood on the dock at Port au Prince not 30 days ago and saw a thousand tons of cargo waiting for shipment. It had been waiting for a very long time.

Mr. CALDER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON. I yield.

Mr. CALDER. A friend of mine who is in the shipping business told me the other day that he has a cargo of freight waiting on the docks of San Francisco, and that it will have to wait 40 days before he can obtain transportation for it.

Mr. ROBINSON. And I suppose the Senator from New York, with that peculiar consistency which characterizes his conduct in presenting this amendment, would advocate that

some of the ships that are now engaged in carrying cargoes from San Francisco should be excluded from the privilege of doing so in the interests of trade.

Mr. CALDER. Why, of course I do not advocate that, Mr. President.

Mr. ROBINSON. The illustration which the Senator from New York has made demonstrates irresistibly the conclusion that at this time the United States ought not to deny itself the use of any existing facility that will tend to promote and stimulate trade relations between the United States and Central and South America; for just as surely, Mr. President, as you are now presiding over the deliberations of this body that trade is rapidly passing under the control of the British flag and the Dutch flag.

The VICE PRESIDENT. The question is on the amendment of the Senator from New York [Mr. CALDER].

On a division, the amendment was rejected.

Mr. NUGENT. Mr. President, I desire to inquire whether or not section 11 of the committee amendment has been agreed to?

The VICE PRESIDENT. It has been agreed to.

Mr. NUGENT. I ask unanimous consent that the vote be reconsidered by which section 11 of the committee amendment was agreed to. I make that request for the purpose of presenting an amendment to the section.

The VICE PRESIDENT. Is there any objection?

Mr. JONES of Washington. Mr. President, that amendment was discussed at considerable length. I do not like to refuse the Senator's request, and yet the amendment was discussed at considerable length, and it was finally adopted after discussion.

As I say, I do not like to refuse; and yet this bill has been pending so long that I should like to get through with it one way or the other.

Mr. NUGENT. I will say to the Senator that the amendments which I desire to present will, so far as I am concerned, entail very little discussion.

Mr. JONES of Washington. Are they amendments to this amendment?

Mr. NUGENT. To section 11.

Mr. JONES of Washington. Of course the section will be open to amendment generally if it is up, and it will be open to amendment in the Senate. When the bill gets into the Senate, the Senator could propose these amendments without any reconsideration.

Mr. NUGENT. I am well aware of that fact, but I thought it would not make any material difference. I do not propose to make another speech with respect to the same matter in the Senate, and I thought it might be advisable to dispose of the entire matter in Committee of the Whole, as far as I am concerned.

Mr. JONES of Washington. Well, Mr. President, I hope it will not engage us in two or three days' further discussion. I shall not object to the Senator's request.

The VICE PRESIDENT. Without objection, the vote whereby the amendment was agreed to is reconsidered.

Mr. NUGENT. I move to amend, on page 16, line 5, by striking out "4" and inserting "5½."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 16, line 5, in the committee amendment, before the words "per cent per annum," it is proposed to strike out "4" and insert "5½," so that, if amended, it will read:

Interest on loans made under this section and on deferred payments shall be at a rate not less than 5½ per cent per annum, payable semi-annually.

Mr. JONES of Washington. I shall not object to that amendment, Mr. President.

The VICE PRESIDENT. The question is on the amendment of the Senator from Idaho to the amendment of the committee. The amendment to the amendment was agreed to.

Mr. NUGENT. Now, Mr. President, on page 15, line 24, I move to strike out the word "private" and insert the word "Government."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. Before the word "shipyards," on line 24, page 15, it is proposed to strike out the word "private" and insert the word "Government," so that, if amended, it will read:

If there are routes upon which the board deems it highly important to establish service requiring vessels of the kind described in this section, and responsible persons, citizens of the United States, can not be found to construct the same the board may construct such vessels out of such fund in Government shipyards in the United States.

Mr. JONES of Washington. Mr. President, I am willing to have that amendment come to a vote. We want to encourage our private shipyards, I think, as much as possible, and we do not want to continue in the Government shipbuilding business. We tried that during the war, and we want to get out of it.

Mr. NUGENT. Mr. President, one of the principal reasons assigned by the proponents of this measure for its enactment into law is the necessity for taking the Government out of business, particularly the business of constructing and operating ships; and one of the means they have provided for the accomplishment of that object is to place the Government in the money-lending business. I shall not comment on the inconsistency shown by them.

Section 11 provides:

That during a period of five years from the enactment of this act the board may annually set aside out of the revenues from sales and operations a sum not exceeding \$50,000,000, to be known as its construction fund, to be used in the construction, or in aid of the construction, of vessels of the best and most efficient type for the establishment and maintenance of service on steamship lines deemed desirable and necessary by the board, and such vessels shall be equipped with the most modern, the most efficient, and the most economical machinery and commercial appliances.

It provides further:

The board shall use such fund to the extent required upon such terms as the board may prescribe to aid persons, citizens of the United States, in the construction by them in private shipyards in the United States of the foregoing class of vessels. No aid shall be for a greater sum than two-thirds of the cost of the vessel or vessels to be constructed, and the board shall require such security, including a first lien upon the entire interest in the vessel or vessels so constructed, as it shall deem necessary to insure the repayment of such sum with interest thereon and the maintenance of the service for which such vessel or vessels are built.

Furthermore:

If there are routes upon which the board deems it highly important to establish service requiring vessels of the kind described in this section, and responsible persons, citizens of the United States, can not be found to construct the same, the board may construct such vessels out of such fund in private shipyards in the United States.

Mr. President, the latter part of that section provides that when a private citizen can not be found who will construct the type of vessels required for certain trade routes, the Government itself, acting through the board, shall construct such vessels in private shipyards. I do not believe that that is the proper thing to do. The people of the country have expended in the neighborhood of \$170,000,000 in the construction of shipyards within which to construct ships to be operated by the Shipping Board; and I hold the opinion that whenever it becomes necessary for the Shipping Board, a Government board, to construct ships for the Government with Government funds, those ships should be constructed in Government yards.

While I do not profess to know anything in respect to the matter, I very naturally assume that it is the intention of at least certain of the gentlemen who are earnestly and enthusiastically supporting this bill to put the Government shipyards out of commission; and, as I view it, there can be no reason and no object for requiring the construction with Government funds in a private yard of Government ships, to be operated by the Government, other than to give to the owner of such yard a very considerable profit for doing the work that could be done in a Government shipyard probably at a much lower cost.

Mr. LENROOT. Mr. President, usually I am in accord with the Senator from Idaho [Mr. NUGENT] on the matters arising under this bill, but I do not think the Senator from Idaho understands, as I do, what will be done with these ships when they are constructed.

The whole purpose of this bill, even as to the construction of new ships, is that they shall be immediately sold to private parties, provided, of course, they will operate them upon such routes as may be determined by the Shipping Board. That being so, I am not in favor of the Government going into any further construction of ships at all. If the Government were going to operate the ships for an indefinite period of time, as the Senator from Idaho assumes, I might feel very differently about it; but the whole purpose of this bill is to put all ships into private operation, not only those which have been constructed, but those which may be hereafter constructed at the expense of the Government. That being so, I am opposed to any further Government construction at all.

Mr. NUGENT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. LENROOT. Certainly.

Mr. NUGENT. I am in entire accord with the views just expressed by the Senator from Wisconsin with respect to this measure. I am thoroughly satisfied that he is entirely right. I have entertained that idea from the very moment that I read this bill. I am absolutely convinced that the purpose of this

bill—in fact, it is so declared—is to dispose of all of these ships to private interests at the earliest possible moment, and I venture now to assert that when the operations of the Shipping Board are finally concluded it will be found that the magnificent fleet of approximately 2,300 vessels, which have been or are being constructed by the Government at an expense to the people of the United States of more than \$3,000,000,000, will have been transferred to private shipping interests at a loss to the people of at least a thousand millions of dollars. My amendment was presented solely for the purpose of endeavoring to save a little more out of the wreck that is bound to come, as I believe that the ships can be constructed in a Government yard for a lower price than they can be constructed in a private yard, where, in addition to the actual cost of the material and labor that go into the construction of the vessel, a profit, as a matter of course, must be made by the proprietor of the yard.

Mr. LENROOT. Mr. President, unfortunately I think that all of the history shows that there has been no construction of ships in Government yards except at a very excessive cost. It is true there has been construction in private yards at a very excessive cost, also, but that was the fault of the Shipping Board in allowing excessive prices to private shipyards. But the point I want to make is that the bill, as it now stands, authorizes the Shipping Board to expend \$50,000,000 a year in new construction, and the moment the ship comes off the ways to sell it at a loss to private individuals.

Mr. NUGENT. But, Mr. President, if the Senator will permit an interruption, the Shipping Board is required by this very section, whenever in its judgment it is advisable so to do, to build ships for operation on a certain route. It is directed to do it. So we must take our choice between the construction of those ships in a private shipyard and their construction in a Government shipyard.

Mr. LENROOT. My point is that I would prefer to see stricken out of this section 11 any authority for the Shipping Board to construct any ships whatever on Government account. If we are to aid in the building of ships, I would prefer that the Government aid only through loans for a portion of the value of the ship, so that the Government will have a lien on the ship, which, presumably, when it is launched will be of equal value to the ship, and without any resulting loss to the Government from the building of those ships.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LENROOT. I yield.

Mr. KING. Does not the Senator think that this provision found in the beginning of section 11 is very pernicious and will work very disadvantageously to the people of the United States? I read:

That during a period of five years from the enactment of this act the board may annually set aside out of the revenues from sales and operations a sum not exceeding \$50,000,000, to be known as its construction fund, to be used in the construction, or in aid of the construction, of vessels.

In other words, they may sell boats and take the money derived from the sale, or take the money derived from the operation and construction of new boats from year to year up to the extent of \$50,000,000, the aim apparently being to perpetuate the Government in this expensive and inefficient business of constructing boats. If the Senator does not tender a motion, I shall move to strike out the entire section later on.

Mr. LENROOT. Mr. President, in so far as the establishment of new lines is concerned, the fact is that our present fleet is not in all respects of such a character as will make profitable the establishment of new lines. In other words, undoubtedly there are ships of a certain design or character which are necessary to balance up any fleet that might be established upon a given line. If the Government is going to aid in the establishment of such lines, the whole theory of the Senate substitute being that of private ownership and private operation, I prefer to have the Government do it by a loan of not exceeding two-thirds the value of the construction, rather than to have the Government take this \$50,000,000 a year out of the sales of ships which have been sold at a great loss, and then build new ships and sell those ships at another great loss, and so continue on indefinitely.

Without this provision for Government construction it would be fair to say that the Government would not lose a dollar, because its equity would be two-thirds of the cost of the ship. But with this provision for Government construction, no private shipowner is going to build a ship on his own account if he thinks the Government will build it for him, stand itself the carrying of the entire capital cost, and when the ship is launched probably sell it for less than it cost the Government.



There is no inducement to a private shipowner to build private ships in an American shipyard with a provision of that kind staring him in the face.

So, Mr. President, I had in mind, although I had expected to wait until the bill got into the Senate, to strike out from the provisions of the bill all authority for construction directly by the Shipping Board. If the Senator from Washington feels that this was opened up solely for the purpose of permitting the Senator from Idaho [Mr. NUGENT] to offer his amendment, I will not offer the amendment now, but wait until we get into the Senate. Otherwise I would be glad to offer it at this time.

The VICE PRESIDENT. The question is on the amendment of the Senator from Idaho to the committee amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

Mr. EDGE. Mr. President, just a brief word. I had intended offering an amendment to the section relating to the hard and fast conditions of sale, which I discussed at some length in the Chamber a few days ago, and also a further amendment relating to the provision establishing American ownership, compelling 100 per cent American ownership, which I consider entirely unworkable. But in my short experience in the Senate I have about decided, with the few Senators who generally attend and give consideration to these detailed amendments, of great importance in many cases, that we really proceed with more expectation of final satisfactory results when we refer matters of that kind to the conference rather than attempt to decide them in the Senate.

So I am not going to offer those amendments, feeling that if the bill is finally passed the conferees of the two Houses, realizing that the Senate bill under consideration is in its entirety an amendment, the House bill having been stricken out in its entirety, will give consideration to such questions as we have discussed and debated on the floor of the Senate, and from the conference will be evolved a real workable measure.

Mr. KING. Does not the Senator think he is making a mistake in carrying that suggestion too far? It may be that the conferees without having their attention directly challenged by an amendment having been made upon the floor of the Senate may overlook when they get to conference the point in issue. I suggest to the Senator, if he will pardon me, that if he has any important amendment to offer he should challenge the attention of the Senate to it, so that the conferees will have the Record before them and know what the points were in favor of or against the amendment which was suggested.

Mr. EDGE. I consider the suggestion of the Senator from Utah to be a very pertinent and a very proper one, but the two matters are still contained in the bill, which appeal to me as being of extreme importance, the two I have already suggested. One is the hard and fast rule relating to sales, under which I think without further consideration or change it would mean that we would have a permanently owned merchant marine. I have discussed that at length on the floor of the Senate, and certainly that will be brought to the attention of the conferees. The other matter, stock ownership, is also in my judgment absolutely indefensible, because unenforceable, and I feel that it will likewise be given consideration by the conference.

Mr. TOWNSEND. Will the Senator permit me to ask him who is going to bring those matters to the attention of the conferees? The Senator speaks of certain measures discussed here before the Senate, and I am curious to know who is going to bring them to the attention of the conferees.

Mr. EDGE. I think the Senator from Michigan is quite aware of the matters which have been discussed in the Senate, and which form a portion of the bill under consideration. If passed by the Senate, they will naturally be considered by the conferees. It is hardly necessary for me to go into a detailed explanation as to how that will be done; it will naturally be done. If it is not done, when the bill comes before the Senate on the conference report we will still have an opportunity, if the bill in our judgment is unworkable, to express our opposition to it at that time.

Mr. JONES of Washington. Both propositions are in the bill now, and will, of course, be a part of the consideration of the conferees.

Mr. EDGE. I would assume that the conferees must consider these matters, as the Senator from Washington has naturally suggested, because they form a very important part of the bill.

Mr. TOWNSEND. I assumed, from what the Senator said, that he was detailing certain amendments which he thought

were essential to the bill, and which would be considered probably by the conferees.

Mr. EDGE. The Senator is entirely correct.

Mr. TOWNSEND. My understanding is that we have a very wholesome rule in the Senate, which is always enforced when attention is called to it, that the conferees have no right to insert into a bill matters of legislation which were not enacted by either House. If the amendments sought to be suggested by the Senator change the bill, I maintain that the conferees would have no right to consider them in conference.

Mr. LODGE. Mr. President, as I understand it, the amendments which we are discussing are wholly new matters, and it has been held over and over again that when it is entirely new matter which goes into conference, the whole subject is open to the conference for anything relevant.

Mr. TOWNSEND. I do not agree with the Senator that that has been the holding of the Senate.

Mr. LODGE. If the Senator will allow me, it has been held again and again that when all is stricken out after the enacting clause, and a new bill is put in, both bills are before the conferees.

Mr. JONES of Washington. I suggest to the Senator from Michigan that both amendments the Senator from New Jersey has in mind are in the bill. We have an amendment in the bill which requires the entire ownership of the stock of the corporations to be American owned. The Senator from New Jersey does not think we ought to go that far. He thinks it should be 80 or 85 or 90 per cent. I submit that that whole proposition will be in conference on the amendment in the bill. Then, with reference to the other provision we have put in the bill, a proviso as an amendment, which the Senator from New Jersey thinks is too restrictive. That will be a subject of conference between the two Houses. It is an amendment put into the bill by the Senate already. The Senator from New Jersey wants to modify it and make it not quite so restrictive.

Mr. TOWNSEND. I realize that, but I know of no one who could raise the point except the House conferees. I am assuming that it is the duty of the Senate conferees to stand by the action of the Senate unless the House has a different provision, and a controversy is brought up. I do not agree with the statement made by the senior Senator from Massachusetts [Mr. LODGE] that the rule permits what he has stated. Within the last year or two that very question has been raised repeatedly, and the opposite has been decided. I simply raised it, not knowing exactly what the Senator from New Jersey suggested, but suppose he wanted some amendment made which was material to the bill, which changed the bill; I can think of no one who could raise that point before the conference.

Mr. EDGE. Mr. President, I thank the Senator from Michigan for his lucid explanation, and I presume he is entirely correct. I am perfectly frank to admit that I am not particularly well versed in the rules governing conferences, but I have been impressed, especially during the consideration of this bill, with the great loss of time in trying to reach conclusions. I revere the traditions of the Senate, and the fact that Senators believe in great deliberation. Perhaps I am becoming somewhat innoculated with the germ myself. But, at the same time, we must recognize that the pending measure is one of the most important we have to consider.

I have understood, and the various explanations made have not greatly changed the viewpoint I have, that the amendments suggested by the Senate committee, if adopted by the Senate, being an entire change from the bill as sent over by the House, the question must naturally be raised between the conferees representing the two Houses, as to whether they would be agreed to or not, which brings up to a great extent the different points involved in the various sections.

Solely in the interest of saving time, whether that is subject to indorsement or appreciation or not, and bringing the bill into conference, I am refraining from suggesting amendments which would probably extend the debate for several days, feeling reasonably sure that the conference committee, representing the Commerce Committee of the Senate and the Merchant Marine and Fisheries Committee of the House, will try to round out of this measure a workable measure. After all is said and done, that is all the American people want, and if we can save 48 hours near the end of the session I hope that will be done. I really think I am trying more to help solve the problem than in taking the time of the Senate for two or three days in further discussion.

Mr. LODGE. Mr. President, when I made the statement that I did I was not unmindful of the Curtis rule. I was stating the old general practice. I know the Curtis rule has restricted it, but I still think that I am right in my proposition that where

there is great distinction, where the whole matter is put before the conferees, they have a much larger latitude than when it is simply a change of the original text. I think they have a much larger latitude. I made the statement simply because I confess I feel some sympathy with the Senator from New Jersey [Mr. EDGE] in his most unappreciated effort to save time.

Mr. KING. Mr. President, as I understood the Senator from New Jersey [Mr. EDGE], one of the points to which he directed attention was that involved in section 11, which authorizes the sale of vessels and the utilization of the funds derived therefrom in the construction of new vessels by the board. Having that point in view—and I understand the Senator very briefly alluded to it a few days ago in his discussion, and coinciding with the view—I move to strike out, on page 15, in line 1, the words "sales and," so that it will read—

Mr. JONES of Washington. Mr. President, I thought section 11 had been agreed to.

Mr. KING. I understood it had been reopened for the purpose of considering the amendment offered by the Senator from Idaho [Mr. NUGENT], and I did not understand that there was any limitation upon the amendments which might be offered.

Mr. JONES of Washington. That was disposed of, and then the committee amendment as amended was agreed to again.

Mr. KING. I was waiting to offer my amendment and I did not hear the statement by the Chair. I ask that the vote by which the amendment was agreed to may be reconsidered and the matter reopened for the purpose of submitting further amendments. I was waiting for that purpose.

The VICE PRESIDENT. Is there objection? The Chair hears none. It is reconsidered again.

Mr. KING. I now move to amend by striking out, on line 1, page 15, the words "sales and," so that as amended the section will read:

That during a period of five years from the enactment of this act the board may annually set aside out of the revenues from operations a sum not exceeding \$50,000,000—

And so forth.

The purpose of the amendment is to deny to the board what the section grants, the right to sell boats without limitation and the utilization of funds derived therefrom up to the extent of \$50,000,000 each year for the construction of new ships. Personally I am opposed to the employment of the funds derived from the sale of ships in the building of more ships, because, as the Senator from Wisconsin [Mr. LENROOT] pointed out, the board will construct ships and sell them at a loss, because the price of vessels will decline and the Government can not build as cheaply as private persons can, and the latter will establish the market price for ships, and then the funds derived from sales will be reinvested in new boats and those sold at a loss, until finally that particular fund will be exhausted. It will be extinguished absolutely, and the board will perpetuate itself as a constructing and selling agency until the vast fund committed to its care will be dissipated.

It seems to me we are going far enough to satisfy when we permit the utilization of the funds derived from operations for the construction of new ships. I am opposed to the board engaging in further construction, because, as everybody knows, they can not begin to compete with private persons engaged in the construction of vessels. There will be waste and inefficiency, I do not care what the personnel of the board may be or the limitations and restrictions which by law may be imposed upon its activities. Whatever the Government agencies undertake, whatever this agency and instrumentality may undertake, it will be inefficiently managed and extravagantly operated. I think that this board ought, at the very earliest possible moment, at a period not more than 5 years from the date of the passage of the bill, be compelled to terminate all of its business, wind up its business, dispose of the ships which have been constructed, and go out of business, and permit private capital and private enterprise to own and operate the ships of our country.

Mr. EDGE. Mr. President, I am in thorough accord with the suggestion made by the Senator from Utah [Mr. KING] that the Government should go out of the business as rapidly as it is possible to do so, giving due regard to the great assets that they now have in their hands, but I do not think the amendment suggested by the Senator from Utah will meet the situation as well as the one relating to the same section suggested by the Senator from Wisconsin [Mr. LENROOT], which he intends to offer when the bill is in the Senate. In striking out the words "sales and," as I understand the Senator's amendment, he is still permitting the Shipping Board to spend \$50,000,000, or any part of it, that they may collect from operations, and does not in any way deter them from building ships on Government account.

Mr. KING. Will the Senator yield?

Mr. EDGE. I yield.

Mr. KING. I propose to follow the amendment which I have just offered by tendering another, which is to strike out, in line 3, page 15, the words "in the construction or," so that the section as finally amended in those lines to which I am now directing attention would read:

Of the revenues from operations a sum not exceeding \$50,000,000, to be known as its construction fund, to be used in aid of the construction of vessels of the best and most efficient type—

And so forth.

Mr. EDGE. I am entirely in accord with that amendment. It would require a further change in the latter part of the section.

Mr. KING. Yes; I have the further amendment, if these should prevail, to strike out lines 19 to 25 on page 15 and lines 1 to 6 on page 16.

Mr. JONES of Washington. Mr. President, if every Senator had everything just as he wanted it in connection with this bill, we would have no bill at all, and we never would get any legislation with reference to a merchant marine. The committee have considered these various matters from almost every angle and harmonized our differences as much as we could, and we have thought this was the wise thing to do.

I am not going into a discussion of the proposition again at this time. I am satisfied that the Government will never lose a cent out of it. I doubt if the Government will ever build a ship under it. I believe private parties may be aided and may build ships that are necessary, but this is one of the most important sections in the bill. It means the balancing of the American fleet and putting it in form and shape and furnishing it with ships that will compete with the modern, up-to-date ships of our competitors. It is for the purpose of constructing such ships, for the establishment of particular lines that we should have. It is framed upon the theory of first aiding private parties to do it, and if there are important lines that should be established that private parties will not establish, then, if necessary, the Government will build the ships. In my judgment the Government will not lose a cent on the ships that it builds, if it builds any.

I hope the amendment of the Senator from Utah will be rejected.

On a division, Mr. KING's amendment to the committee amendment was rejected.

Mr. KING. Mr. President, I move to amend by striking out, in line 3, page 15, the words "in the construction or."

Mr. LENROOT. Mr. President, I think this amendment ought to be adopted. I do not believe that we should expend Government money in the future in the construction of ships, those ships to be immediately sold at a loss. That is the inevitable consequence of the adoption of the original amendment as reported by the committee.

The history of the construction of Government ships in the past does not warrant the Senate in authorizing any further construction of Government ships at the hands of the Shipping Board. I very freely admit that the Shipping Board as now constituted is a very much better business institution than the board which existed during the construction of these ships, but we are not authorized, it seems to me, to expend \$250,000,000 of the money of the people of the United States in the building of these ships when immediately upon their launching they are to be sold to private parties at a loss.

The selling at a loss of ships already in existence, of course, is fully justified by reason of the circumstances attending their construction. If they are to be sold at all, they must be sold at a loss; but there would only be one justification for the Government continuing a shipbuilding program at its own expense, and that is if it is to operate the ships that it builds. But for the Government to spend \$50,000,000 a year in building new ships and then immediately to sell those new ships at a loss can not be justified. There will be no private shipbuilding in private yards so long as they can look to the Government to build ships in the future, and buy exactly the kind of ships they desire, and buy them at a less cost than they cost the Government itself.

So I hope the amendment will be agreed to.

Mr. JONES of Washington. Mr. President, the Government is not required to sell these ships immediately if it builds them. The Government will build the ships no doubt for a special line. It is the very purpose of the bill to have them built for a special service. If private parties can be gotten who will buy these ships and put them in that line of business at once, well and good. The board certainly will not sell ships at a loss in that case, but if private parties will not buy the ships on fair terms, then the Government will operate the ships on those lines and



establish those routes, and that is one of the great things we want. I hope the amendment will be defeated.

Mr. EDGE. Mr. President, again may I state that I made a particular effort to get the bill into the hands of the conferees; but inasmuch as this very important phase of the bill under consideration has been brought up, I think it merits very careful consideration and discussion and debate.

One part of the section unquestionably nullifies the other part. As has been partly brought out by the Senator from Wisconsin [Mr. LENROOT], certainly no shipping concern will borrow money from the United States to build ships and pay interest upon the investment, now not less than 5½ per cent by the amendment just agreed to, offered by the Senator from Idaho [Mr. NUGENT], when the Government agrees practically under the same section to build ships, entirely on its own account, from its own income from operation of sales, if private interests do not build them for them. My judgment has been that there could be absolutely no reason why the Government should not loan its credit—in other words, loan the money on proper security, the ship itself—in order to stimulate the building of necessary ships.

Is not the argument of the Senator from Washington answered in this way? If the ships can be operated at a profit, then in the natural, general development of the merchant marine private interests will be glad to take advantage of the two-thirds advance from the Government to build such ships. If they can not be maintained and operated at a profit, certainly the time has arrived when the Government should cease operating additional ships, knowing perfectly well that to do so will mean that much additional loss to the taxpayers of the country.

I have full sympathy with the underlying thought of the Senator from Washington to develop a merchant marine, and even, to some extent, perhaps, to accept some losses; but we now have the ships; we are in a position, with goods to be exported from our country, naturally to have cargoes under proper financial conditions. We have men representing the various seaboard sections of our country engaged in the shipping business, men who have studied it for years, who know where profits can be obtained by developing trade, and it seems to me that they should be given the opportunity, for I entirely misinterpret the views of the people of this country if they want the Government to continue the building and operation of ships. I think they are determined and anxious to-day to have the Government get out of the business at the earliest possible moment. We shall not get out of the business when we are directly announcing a policy through this section of the bill that we will build any ships for five years that private capital will not build, when at the same time we are ready to loan private capital two-thirds of the amount which is necessary to build them. The answer is we will be continually building ships.

The Senator from Wisconsin [Mr. LENROOT] has stated that inasmuch as the general policy of the bill is to ultimately get out of the business, we must sell the ships at what will be comparatively a loss. I really feel that the amendment of the Senator from Utah [Mr. KING] is timely and will help to carry out the very intent, as I understand it, of the bill, and permit the Government as rapidly as good business will allow to get out of the business.

Mr. JONES of Washington. Mr. President, I wish to say just a word, because I consider this one of the most important provisions of the bill and designed to accomplish one of its most essential purposes. The bill is framed on the theory of getting the Government out of the shipbuilding and shipowning business, but it is not framed on the theory of getting the Government out of the shipbuilding and shipowning business at an undue sacrifice. I am just about as strongly opposed to that as is the Senator from Idaho [Mr. NUGENT]. We have tried to frame the bill in such a way as clearly to indicate to the Shipping Board that it is not the purpose of the bill, that it is not the intention of Congress, that they should sacrifice the interests of the people of the country in these ships simply to get them into private hands. We are not in favor of that. We do feel, however, that the people of the country want these ships ultimately to go into private hands; that that is the best way to build up and maintain an American merchant marine; but we realize that this shipping belongs to the Government. The situation confronting us is not like the railroad situation, for the railroads belonged to private parties and the Government simply had possession of them, and of course we should turn them back as soon as possible. The Shipping Board fleet is the Government's property; it is not necessary to sacrifice it purely for the purpose of getting it into private hands;

the committee is not in favor of doing it, and this bill is not framed on the theory of doing it.

Mr. NUGENT. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Idaho?

Mr. JONES of Washington. I yield.

Mr. NUGENT. That is precisely the proposition of which I am complaining. This fleet belongs to the people; it was constructed at a cost to them of more than \$3,000,000,000; and it is conceded by many that it will be disposed of at a very much less price than it cost.

Mr. JONES of Washington. I have not conceded that.

Mr. NUGENT. I will ask the Senator now if he does not believe that under the provisions of the bill the ships will be sold for a very much lower price than they cost?

Mr. JONES of Washington. No; not by virtue of the provisions of this bill.

Mr. NUGENT. The fact remains, however, that the ships are now being operated by the Government at a profit; the fact remains that they were operated at a profit of more than \$166,000,000 up to the 30th day of last June; and I, for one, most strenuously and earnestly protest against their sale to private interests at a loss of between \$750,000,000 and \$1,000,000,000 of the people's money, and that loss will certainly be sustained if the pending measure is enacted into law.

Mr. JONES of Washington. Mr. President, we discussed that matter the other day. These ships really are not operating at a profit according to ordinary and usual methods of computing such matters. The amount that the Senator refers to is found simply by computing the difference between cash receipts and cash expenditures. It does not take into account depreciation, interest, or anything of that sort, which must be considered in determining real profit and loss. I am not going into that, however, Mr. President.

What we desire in this bill and what we provide is for the sale of these ships in a way that a prudent business man not forced to get rid of his property would do it. We hedge it about with further limitations. One of the limitations is what the Senator from New Jersey complains of, and says that it means perpetual ownership. Then the Senator from Idaho says we will dispose of them absolutely. As a matter of fact, if the Shipping Board realizes the purpose and intent of the bill, it will get every dollar that a prudent business man, who did not desire to keep a property of this kind in his hands perpetually, would get out of it.

Mr. LODGE. Mr. President—

Mr. JONES of Washington. I yield to the Senator from Massachusetts.

Mr. LODGE. I merely wish to say a few words; I do not desire to interrupt the Senator from Washington.

Mr. JONES of Washington. Very well.

I desire to recur to the section under consideration. I am not going to open up the whole bill, although I am sometimes tempted, of course, in view of statements which are made, to discuss various matters which are involved, but we have gone over them time and again, and I am not going to do so any more. However, with reference to the pending section of the bill providing for this fund, the Senator from Wisconsin and the Senator from New Jersey are in favor of using the Government money as a loan to private parties with which to build ships.

Mr. President, I am in favor of that; but I am in favor also, when the Government agency says there is a highly important route which should be established and private enterprise will not take the risk of developing the business and suffering a loss, when the Government feels that such route should be developed and that it will be to the interest of our commerce to have it developed, then I am in favor of using the money of the Government to build ships to perform that great Government work. I think it will be a wise thing for the Government to take such action, and I can not see justification for using the people's money as a loan to private parties to build ships when the Government would be prohibited from doing what it considers a highly desirable thing in the building of ships—to develop trade and establish new routes. It is not required to sell its ships immediately; it will put them on desirable routes and develop the business, and then it will sell the ships, and, in my judgment, will get every dollar out of them that it has put in and, in addition, will build up the trade of this country and establish the American merchant marine upon a permanent basis. I hope that the amendment of the Senator from Utah will be defeated.

Mr. LODGE. Mr. President, I am as utterly opposed to Government ownership and Government shipbuilding as any-



one can possibly be. If I had my way, to do exactly what I wanted by a stroke of the pen, I would stop the whole Shipping Board business now. There has been a vast expenditure of Government money; the waste has been colossal, and there has been any amount of mismanagement; but we have all of this property on our hands, and we want to secure some legislation to deal with it. We can not any of us get exactly what we want, and perhaps it is not best that we should; but I believe that the committee—and their report is a unanimous one, as I understand—have reached the best possible solution and one which affords the greatest opportunity to preserve to the taxpayers of the country what can be preserved from the huge expenditure which has been made. It also puts some limit on our continuance in the business. It is the only practicable method that has been offered dealing with the question, and that is the reason why I shall vote for it, although I am utterly against Government ownership.

If anyone desires a lesson of what Government shipbuilding means, he has but to study the history of the Shipping Board.

Mr. KING. Mr. President, I appreciate the enormous difficulties the committee encountered in dealing with this subject. They found that the Government had expended, as the Senator from Idaho [Mr. NUGENT] has stated, more than \$3,000,000,000 in the construction and purchase of ships. Many of the vessels so acquired are comparatively valueless; some of them, perhaps the great majority of them, do possess some value; but I do not agree at all with the Senator from Idaho that we can sell those ships for what they cost the United States. If the Government of the United States should continue in the operation of the ships for 1 year or 100 years, the cost to the taxpayers of the country would be great, and the loss to the Government will be progressively greater as the years go by. In my opinion, if the Government of the United States will sell the ships now, or within a reasonable time, its losses may not exceed \$1,000,000,000; but I make the prediction that if this bill is passed in its present form the Government of the United States will lose more than \$2,000,000,000, and probably a sum greatly in excess of that amount. It is absolutely impossible under governmental operation to avoid losses and deficits. These losses will have to be met by appropriations from the Treasury of the United States. No one knows the losses already incurred by the Government in its shipping experiences, and if this bill becomes a law no one ever will know.

The Senator from Idaho has stated that we operated these ships at a profit of \$166,000,000 last year.

Mr. NUGENT. Mr. President—

Mr. KING. If the Senator will pardon me for a moment, I have seen and have read two or three times the report to which he calls attention, and I wish to assert that the books of the Shipping Board, in my opinion, will not show anywhere near this alleged profit; it is only a book profit; there has been absolutely no consideration given to capital invested and no consideration given to the item of depreciation. Those vessels have depreciated, and there are other elements which should have been considered. Some ships are worthless; many have greatly depreciated in value. It is known that those acquired during the war cost sums greatly in excess of their prewar value, and many that were constructed cost from \$200 to \$300 per ton.

Mr. NUGENT. Mr. President—

Mr. KING. I yield.

Mr. NUGENT. It is true that I have stated on more than one occasion that the Shipping Board has operated the fleet at a net profit of one hundred and sixty-six million and some hundred thousand dollars. I derive that information from the report filed by the committee with its recommendation that the bill be enacted, and the statement appearing in the report is taken from the testimony of Chairman Payne, of the Shipping Board. It sets out, among other things, the board's revenues from operations from the beginning to June 30, 1919, as reflected in the condensed balance sheet of June 30, 1919. It shows that the income amounted to five hundred and seventy-four million and some hundred thousands of dollars and that the disbursements amounted to four hundred and seven million and some hundred thousands of dollars, leaving a net revenue to June 30, 1919, of \$166,493,994.85.

The Senator from Washington has on several occasions stated that there was no charge for insurance included in these figures. I desire to call the Senator's attention to the fact that in the table to which I have just referred there is a charge for insurance in the sum of \$31,149,007.89.

Mr. KING. Mr. President, I repeat what I said a moment ago—that in my judgment the operation of the ships during the past year has cost the Government several hundred millions of

dollars. If the ships were sold now in a prudent way, without forcing them upon the market, I have no doubt but what the Government would be out at least \$1,500,000,000.

Mr. NUGENT. I agree with the Senator.

Mr. KING. If the board waits another year before selling the ships controlled by it, the value of the ships will be less and the loss to the Government augmented. The depreciation in the vessels is great and types change. Of course, if conditions prevail that existed during the war, any vessel which can carry a cargo would be valuable; but as we return to prewar conditions the situation with respect to vessels for commerce and other purposes will be materially altered. Many nations are now engaged in shipbuilding. As the conditions throughout the world become more normal the construction of ships will be increased. The Scandinavian Republics, Holland, and other nations of Europe have greatly increased their ship production. And, of course, Great Britain, France, and Italy will strain every nerve to build ships to carry their commerce throughout the world. This will result in a material reduction in freight charges, and that will be reflected in the diminished value of the ships.

The vessels owned by the United States were purchased at exceedingly high prices by reason of war conditions, or they were built at war prices and cost the Government very much more than they can be sold or can be reproduced for now or in the future. My information is that ships will bring a better price now than they will at a later period. It seems manifest that there must be a great reduction in the cost of ship construction during the present year as well as in the coming years. The high prices prevailing during the war can not be continued.

The lumber, the steel, the machinery, and all other articles entering into the cost of ship construction are less now than they were in 1917 and 1918, and, in my opinion, there will be a gradual decline in the prices of all articles and commodities required in ship construction. I believe the interests of the country, as well as the Government, will be best subserved if the ships owned by the Government and used, or which it proposes to use, for transportation purposes are disposed of at the earliest possible date. I do not mean that they should be sacrificed, but a policy should be adopted calling for the disposition of such ships within a reasonable time and as a prudent vendor would dispose of property he does not desire to retain. The bill should indicate that it is the policy of the Government to dispose of its ships and to not continue in the business of ocean transportation. I stated a moment ago that the demand for the purchase of ships owned by the Government will be less as the years go by. Already our ocean commerce has commenced to decline. Last year our foreign commerce exceeded \$10,000,000,000. There is every indication that for the year 1920 our foreign commerce will be two billion or more less than it was in 1919. Our exports last month were, as I recall, more than \$100,000,000 less than the preceding month. This decline in our foreign commerce will necessarily affect the value of American ships. During the war the marine freight charges were exceedingly high. The vessels used by the United States obtained the benefits of these high prices. Transportation charges must inevitably decline. The Government will receive less for carrying American products than it did during the war. This decrease in the volume of our ocean shipments and the decrease in the freight charges will reduce the price and value of ships. It is for this reason I have suggested that the best interests of the Government and the people will be promoted if the Government sold its ships at an early date. Of course, purchasers should be Americans and the ships should fly the American flag.

I am opposed to the provisions of this section which permit loans to private persons for the construction of ships; and if the amendment which I am now offering shall prevail, I shall offer another amendment striking out that provision. I am not in favor of the Government of the United States giving its credit to men for the purpose of constructing ships. If the shipping business can not be put upon its feet now it never can be, and, speaking for myself, I am not willing that the Treasury of the United States shall be resorted to from year to year to make up the deficits of the Shipping Board as the Treasury of the United States was resorted to by the Railroad Administration to the extent of nearly \$2,000,000,000 to make up the losses that were incurred in the governmental operation of the railroads.

As I stated a moment ago, I do not care who may constitute the Shipping Board, there will be waste and extravagance and inefficiency. The Government can not compete with private enterprise in the shipping business or in any other private business. I object to this bill, and this section particularly, because, notwithstanding the disclaimer of my distinguished



friend, the chairman of the committee, I believe that this bill will perpetuate the Government in the shipping business.

Fifty millions of dollars may be used every year to build new ships. The Senator says they are not compelled to sell the ships. That is true, and they probably will not sell the ships. They will take the position that they can not get an adequate price, and thus form a pretext to continue the activities of the board indefinitely. They will retain the ships as they are constructed, and they will perpetuate themselves in power and perpetuate this governmental shipping system until Congress, by positive and direct legislation, shall compel a cessation of their functions.

I repeat that if we appropriate \$50,000,000 here for the purpose of enabling the Shipping Board to build new vessels—and we are calling upon them to dispose of the ships as they see fit—the result will be that additional vessels will be constructed, the Shipping Board will have more vessels on hand, more machinery, more employees; and so, as the years go by, the system will more and more fasten itself upon the country, and private individuals, feeling that the Government of the United States is in competition with them, will be more reluctant to engage in the construction of ships. They will not go into competition with the Government of the United States if the Treasury of the United States is available to meet these deficits.

We give this board more than \$3,000,000,000 of capital to play with. They are not required to pay a cent of interest to the Government of the United States. They are not required to make an accounting to the Government of the United States and pay into the Treasury the profits, if any, that have been derived. They have more than \$3,000,000,000 to use as they may see fit. They may sell vessels and put the proceeds back into the construction of other ships. If there should be any receipts from the operation of the system, those receipts may be utilized for the construction of other ships. And so, with a great big competing governmental organization which has more than \$3,000,000,000 of capital to play with, to utilize, to organize, to construct, and to go into competition with other ships and with other organizations, manifestly there will be a disinclination upon the part of private persons to engage in the shipping business.

It seems to me that the amendment which I have offered ought to prevail, and then that an amendment which I shall suggest later and which will deny the use of these funds to private individuals to aid them in the construction of ships, should also be adopted. And finally I shall move to strike out the entire section if these various amendments do not prevail.

The section contains so many dangerous provisions that I feel we should unite in eliminating it from the bill.

I desire to submit a very few general observations concerning this measure. It is apparent from the action of the Senate that no amendments of importance to the bill will be adopted. During the consideration of this very important measure but little attention has been given it by the overwhelming majority of the Senate. There has been but a handful of Senators present, and substantially all of those who have been in the Chamber during the debate have supported the committee and signified their opposition to any amendments offered or which might be offered. I regret that a measure of such vital importance to our country should receive so little attention. It can not be that Senators lack interest in a bill that is of transcendent importance not only to the people of our country but to the Government itself. In my opinion, the measure before us profoundly affects the political structure and the future economic policy of this Republic. We are daily confronted with evidences that influences are at work to change the political policies of our Nation and to compel it to adopt industrial and economic policies entirely at variance with the views of the founders of this Republic, as well as those who have guided the destinies of this Nation from the beginning.

Socialism is not a fad, but it is a powerful force in the world. It is not a mere fanciful scheme of dreamers and the theory of doctrinaires, but it is a creed supported by many strong thinkers and earnest and sincere seekers after better government and improved conditions throughout the world. Of course, there are various forms of socialism. I am speaking of that which may be denominated the sane and rational socialistic creed. There are those of this faith who seek to build up and not destroy. In my opinion, the highest form of political independence and economic freedom can be enjoyed under this Republic. No human Government approximates it in those elements or features which make for liberty and social progress. I have repeatedly reiterated my faith in our Government and in its competency to meet the varying conditions which the changing years develop. I believe it is adequate to meet the

needs of a progressive and liberty-loving people. I do not, of course, mean to assert that in the application of the principles of our Government justice has always been done and the rights of the people always recognized. Injustices will always exist under the most perfect form of human government. Selfishness is a concomitant of humanity, and professors of the highest religious faith and those who follow the loftiest ideals frequently oppress their fellows or commit injustices against those whom they should protect. I have regarded with apprehension many schemes that have been suggested that aimed at the overthrow of our social and political structure and sought to fasten a hateful paternalism or a destructive socialism upon the people.

This bill, as I have stated, is of vital importance, not only because of the vast amount in money and property involved, but because of the policy which it adopts and the precedent which it establishes.

I understand, of course, that the committee repudiate the suggestion that its purpose is and its results will be to fasten upon the Government a permanent marine transportation system. I have no doubt but what the committee reporting the bill have given the most conscientious and patriotic service to the important problems involved.

When the war was over we found ourselves the owners of more than 2,000 ships. The Government had expended more than \$3,000,000,000 in their purchase and construction. It was, of course, obvious that the Government could not disorganize the vast machine which it had erected for the purpose of purchasing and operating the ships and dispose of them in a moment. It was apparent that a policy must be adopted and steps taken to carry the same into effect. I think we delayed too long in announcing a policy and offering a bill dealing with this important question. As soon as the war ended Congress should have considered the question seriously and upon due deliberation formulated a policy and immediately crystallized it into a legislative enactment. However, we now have reported a measure which deals with the entire question. Many of its features are admirable; some I regard as positively bad and some indifferent. In my opinion the bill will be regarded by many as projecting the Government into the ocean carrying trade. After careful examination of the bill I can not help but think that the Government will have the utmost difficulty in extricating itself from the ownership and operation of ships for commercial purposes. There are provisions in the bill which I think are calculated to keep the Government in the ocean transportation business. No limit is fixed within which the Shipping Board is to sell the vessels now owned by the Government or as to the extent of the construction in the future. There is no requirement that it shall wind up the affairs of the corporation within a limited period. Everyone must realize that there will be an extensive propaganda carried on to prevent the Shipping Board from selling any of the ships owned by the Government or retiring from the transportation business.

Senators will recall the nation-wide effort to prevent the return of the railroads to their owners. It was insisted that transportation is a public function, and that the Government should retain the property and engage in the business of the common carrier. It must be apparent to all that the demand will be more insistent that the Government retain property which it does own and that it shall continue to own and operate the ships for commercial purposes.

Section 11, which is now under consideration, is, in my opinion, one of the most important sections in the bill. As it is reported by the committee it is calculated to commit the Government to a socialistic and bureaucratic policy and to prevent the Government from divorcing itself from ocean transportation in which it is now engaged. Under this provision the Shipping Board may sell boats and employ the proceeds derived therefrom in the construction of additional ships. A construction fund will be formed, and this fund is to be used by the board for the building of additional ships. The board is authorized to build such ships as it may deem necessary, and they are to be of the most efficient type for the establishment and maintenance of the service on steamship lines. Not only is the board authorized to use the pay from the sale of the ships, but all sums resulting from the operation of the vast fleet owned by the Government may be likewise utilized.

Section 3 of the bill provides for seven members of the board, and the terms of office of some of the members extend over a period of six years. There are provisions in the bill which seem to indicate that the board is a permanent organization and that its duties and powers shall continue indefinitely.

It is not my purpose, nor have I the time, to analyze the bill and to point out the many features which to me are objectionable, nor will I enter upon a discussion of the constitutional questions involved. I appreciate the fact that any argument



attempting to show the bill to be unconstitutional would fall upon deaf ears. There is a growing disposition in the United States to disregard the limitations placed upon the Federal Government, notwithstanding that it is a government of enumerated and limited powers. We are constantly asked to enact legislation which is entirely at variance with this view and with the true and correct interpretation of the Constitution of the United States. The power to tax, which is the power to destroy, is regarded by many as being unlimited, and we are urged to make appropriations for purposes which are not governmental and for objects which are not within the purview of the Federal Government. In my opinion, the Federal Government has no power to tax the people of the United States except for purely governmental purposes. The States did not surrender to the Federal Government the power to tax the people within their borders for the purpose of engaging in all sorts of private enterprises. The Democratic Party for years denounced as robbery any taxation which was not for legitimate governmental purposes. They denied the right and power of the Federal Government to impose tariff duties for the purpose of aiding individuals in their private enterprises.

I merely make the inquiry: Where is the power of the Federal Government to tax the people hundreds of millions of dollars to build a merchant fleet to carry the commerce of the people?

Of course, as a war measure the Government had the right to build ships to transport its troops and to aid in prosecuting the war. I appreciate the fact that many believe that under the commerce clause of the Constitution the Government may build and own and operate railroads and acquire and build ships for the purpose of carrying the products not only of Americans but of the nationals of other countries. But I do not intend to discuss the constitutional aspect of this question. It would not affect the result nor change one vote. This bill will pass with all of its imperfections and its dangerous features. It will bring comfort to many Socialists in our land, and will be received with joy by the bureaucratic agencies which are so powerful in the Federal Government. It will perpetuate in position thousands of Federal employees.

In my opinion, no Senator now in public life will ever see the Government free from the burdens which this bill imposes. We are entering into private business; the Government is entering into competition with the individuals who are engaged in ocean transportation; excuses and pretexts will be found to delay and ultimately to prevent the sale of ships now owned by the Government and those which will be acquired under this bill. Additional legislation will be enacted that will continue the Government in the carrying trade of the world. I will not pause to point out the evils that will result and the effect it will have upon the persons who would otherwise engage in constructing and operating ships or the deterring effect it will have upon private initiative and the building and operating of ships by private capital. I have briefly referred to the fact that this bill gives to the Shipping Board more than \$3,000,000,000 in ships and other property and cash. The restrictions placed upon the board are not important. Indeed, in my opinion, the limitations in the bill are wholly inadequate. Three billions is a tremendous sum, and yet the Shipping Board with insufficient restrictions is authorized to handle this vast sum and to utilize the proceeds resulting from the sale of the ships and the earnings resulting from this huge investment with but slight limitations upon their discretion.

The VICE PRESIDENT. The question is on the amendment of the Senator from Utah [Mr. KING] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. KING. I now move to strike out all of section 11.

The VICE PRESIDENT. That is not the proper motion. The question now is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. Now it is closed again.

Mr. KING. Do I understand that that precludes further amendments to this section?

The VICE PRESIDENT. Yes.

Mr. KING. I did not so understand. I wanted to offer an amendment on line 13 to strike out the word "two-thirds" and insert "one-half," so that no aid shall be for a greater sum than one-half of the cost of the vessel or vessels to be constructed.

The VICE PRESIDENT. Shall it be opened again? The Chair hears no objection. The question is on the amendment of the Senator from Utah to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. KING. Mr. President, I move to strike out after the word "built" on line 19, page 15, all of the rest of the language on

that page, consisting of lines 19 to 25, inclusive, and all of lines 1 to 6, inclusive, on page 16, the end of the section.

The VICE PRESIDENT. The question is on the amendment of the Senator from Utah to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. KING. Mr. President, a parliamentary inquiry. Is a motion in order now to strike out the entire section or to disagree to the amendment?

The VICE PRESIDENT. If you beat the section now, you have it beaten.

Mr. KING. I know; but is it proper now to offer an amendment of that kind?

The VICE PRESIDENT. It is not in order to offer an amendment to strike out the entire section. If the Senate agree to it they say so, and if they do not it is out. The question simply has to be put in the affirmative; that is all. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

Mr. KING. I shall reserve a vote in the Senate on the entire section 11, and ask that it be rejected; that is, that the amendment offered by the committee, which is the entire section, be rejected.

Mr. NUGENT. Mr. President, do I understand that section 5 of the committee amendment has been agreed to, or is that still open to amendment in Committee of the Whole?

The VICE PRESIDENT. The amendments have been agreed to.

Mr. NUGENT. Has the section itself been agreed to?

The VICE PRESIDENT. The Chair is informed by the Secretary that everything that is in the bill has been agreed to up to the present time. There is nothing open.

Mr. KING. Mr. President, I desire to recur to section 1, page 2, after the words "United States," on line 1, and offer the following amendment—

Mr. JONES of Washington. Mr. President, I do not feel that I can consent, as far as I am concerned. If the Senate desires to reconsider all of this matter, and go back over it, well and good, but I shall not give my consent to it.

Mr. KING. I move that the Senate reconsider the vote by which the amendment known as section 1 was agreed to. I desire to offer an amendment by adding the following words after the words "United States":

Not later than five years from the date of the passage of this act.

So that it will read:

To be owned and operated privately by citizens of the United States not later than five years from the date of the passage of this act.

The purpose of the proposed amendment is to require the board to conclude its duties and wind up the corporation within five years from the date of the passage of the act. That is to say, the Shipping Board will be compelled to sell the vessels controlled by it and close up all the business of the board on or before five years from the date of the passage of this bill.

Mr. JONES of Washington. I will say that is a matter the committee thrashed out over and over again, and finally agreed on the section; and I think the amendment suggested would simply play into the hands of those who want to buy the ships. I oppose the motion to reconsider.

Mr. KING. In reply to the last statement, I think it would be just the reverse. I think the failure to adopt an amendment of this kind is to put the Government of the United States into the shipping business forever, and I make the prediction that if this bill shall pass in this form the Government of the United States will be out more than \$3,000,000,000 during the next 10 years and will practically lose not only that which it has expended in acquiring its commercial fleet but be committed to the construction and operation of the transportation system upon the seas.

Moreover, it will have been so inextricably bound up in the transportation business—in the ownership and leasing of vessels, in the loaning of money to private individuals for shipping purposes, the holding of mortgages, stocks, and securities connected with ships—that it will be unable to throw off the shackles and will be bound to the rock of Government ownership and operation of ships.

The VICE PRESIDENT. The question is on the motion to reconsider.

The motion to reconsider was rejected.

The bill was reported to the Senate as amended.

The VICE PRESIDENT. The Senator from Utah has reserved a separate vote on section 11.

Mr. KING. Mr. President, let me say that it is so manifest that the Senate is committed to this bill, with all of its features, good, bad, and indifferent, that any further attack upon it would be futile. I shall not press the amendment I wished to offer in the Senate, but I can not but feel, expressing my



profound regret, that we do not enact a proper measure, that we are enacting legislation fraught with dangers. I regret that a measure more in harmony with our past policies and the spirit of our Constitution has not been prepared by the committee and presented for our consideration.

The VICE PRESIDENT. The question is on concurring in the amendments made as in Committee of the Whole.

The amendments were concurred in.

Mr. NUGENT. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 9, line 9, after the word "amended," strike out the period and insert a colon and the following:

*Provided further, That deferred payments of purchase price of vessels under this section shall bear interest at the rate of not less than 5½ per cent per annum, payable semiannually.*

Mr. JONES of Washington. I have no objection to that amendment.

The amendment was agreed to.

Mr. KING. Before the bill passes I wish to state that I have 15 more amendments which I consider vital and important, and which would materially improve this bill, in my opinion; but the Senate apparently is wedded to the bill, and Senators are disposed to follow the committee. So I shall pretermit the offering of those amendments.

Mr. NUGENT. I offer the same amendment to which the Senate has just agreed to section 6 of the bill, to be inserted after the word "sale," on line 24, page 9.

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 9, line 24, after the word "sale," strike out the period and insert a colon and the following:

*Provided further, That deferred payments of purchase price of vessels under this section shall bear interest at the rate of not less than 5½ per cent per annum, payable semiannually.*

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. WADSWORTH, Mr. KENYON, and Mr. JONES of Washington addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. JONES of Washington. Will the Senator from New York yield just a moment that I may ask for a conference?

Mr. WADSWORTH. I yield for that purpose.

Mr. JONES of Washington. I move that the Senate request a conference with the House on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JONES of Washington, Mr. CALDER, Mr. McNARY, Mr. SIMMONS, and Mr. RANDELL conferees on the part of the Senate.

#### ARMY APPROPRIATIONS.

Mr. WADSWORTH. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 13587) making appropriations for the support of the Army for the fiscal year ending June 30, 1921, and for other purposes.

Mr. KENYON. Mr. President, the Senator from New York was recognized first, but I rose to move to proceed to the consideration of the bill (S. 3944) to create a Federal live-stock commission. I feel that we might just as well have a test of strength on the question, and I ask the Senator from New York if he will not defer his motion until to-morrow. If the Senate votes to take up the Army appropriation bill, we can not help it, but if the Senator persists in his motion to-night, I shall feel compelled to call for a quorum and make a test on the question.

Mr. WADSWORTH. With the understanding that the motion may be left pending—

Mr. KENYON. I do not know how it could be left pending, but if that can be done—

Mr. WADSWORTH. I would move to take a recess until to-morrow at a stated hour, and the question before the Senate at that time would be my motion.

Mr. KENYON. We will resist a motion for a recess. We have been chided in our discussion of this matter because we have not tried to bring up the packers' bill, and it has been given no place by the steering committee; and I have served notice, as far as I could, that we should endeavor to bring it up. Now, we ask for a test on that question; that is all. That seems to be fair.

Mr. WADSWORTH. Of course, it is entirely fair; there is no objection to it whatsoever; but I assume it would be very difficult to get a quorum here this evening.

The PRESIDING OFFICER. The Senator from New York moves that the Senate proceed to the consideration of House bill 13587, making appropriations for the support of the Army for the fiscal year ending June 30, 1921, and for other purposes.

Mr. WADSWORTH. I am not quite certain that I understood what the Senator from Iowa suggested.

Mr. KENYON. To let the matter go over until to-morrow.

Mr. WADSWORTH. In the form of a recess or an adjournment?

Mr. KENYON. No; an adjournment.

Mr. WADSWORTH. In any event, had we not better take a recess? What is the difference, as far as the purpose the Senator has in mind is concerned?

Mr. KENYON. I felt that after 1 o'clock we could move to take up Senate bill 3944 and in that way make a test.

Mr. WADSWORTH. Could we not have the test, so called, at 11 o'clock to-morrow, after a recess? My purpose, Mr. President, is to hasten the legislation which it is absolutely essential for the Senate to act upon. I have not the slightest disposition, of course, to prevent the Senator from Iowa, or any other Senator, from contending against my motion and endeavoring to have some other bill substituted as the unfinished business. My great hope is that we shall proceed as soon as possible, and that is why I ask for a recess until 11 o'clock to-morrow.

Mr. KENYON. Of course, there will be no chance to offer any substitute until after 1 o'clock.

The PRESIDING OFFICER. The Chair will state that the order will be a vote on the motion of the Senator from New York, and that under the procedure and the rules no substitute can be offered to this particular motion.

Mr. KENYON. I am not trying to take advantage of any situation, but to have a fair, square test on whether the packers' bill is to have any consideration at this session of the Senate. I realize that one bill after another will be brought in, so that it will be impossible ever to reach it in the ordinary course of business.

Mr. LENROOT. Mr. President, may I make a parliamentary inquiry?

The PRESIDING OFFICER. The Senator will state it.

Mr. LENROOT. I ask whether it would not be in order, if this motion does prevail, for the Senator from Iowa immediately after to move to take up his bill and displace the bill which the Senator from New York has in charge?

Mr. WADSWORTH. That can be done at any time by a majority vote.

Mr. KENYON. This afternoon?

Mr. WADSWORTH. No; to-morrow.

Mr. KENYON. It could not be done until after 1 o'clock.

Mr. LENROOT. If we take a recess it could be done immediately after the bill of the Senator from New York was taken up; the motion would then be in order.

Mr. KENYON. I believe that is true.

The PRESIDING OFFICER. The Chair will state that that is correct.

Mr. KENYON. Then, if the Senator from New York will move for a recess until 12 o'clock to-morrow, I will offer no objection.

Mr. WADSWORTH. It was my suggestion that the Senate should take a recess until 11 o'clock, but the Senator from Washington [Mr. JONES] reminds me that there is to be a majority conference to-morrow, which probably will make it impossible or inconvenient for us to meet at 11 o'clock. I therefore suggest 12 o'clock.

Mr. KENYON. Very well.

#### EXECUTIVE SESSION.

Mr. WADSWORTH. In view of the fact that there are a large number of nominations in the Army which should be disposed of, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

#### RECESS.

Mr. WADSWORTH. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 6 o'clock p. m.) the Senate took a recess until to-morrow, Saturday, May 22, 1920, at 12 o'clock meridian.

## NOMINATION.

*Executive nomination received by the Senate May 21, 1920.*

## PROMOTION IN THE NAVY.

Lieut. Frank L. Lowe to be a lieutenant commander in the Navy for temporary service from the 26th day of November, 1919, to correct the date as previously nominated and confirmed.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate May 21, 1920.*

## CIVIL SERVICE COMMISSION.

Herbert A. Filer to be chief examiner of the Civil Service Commission.

## COMMISSIONER OF IMMIGRATION.

Frederick A. Wallis to be Commissioner of Immigration at the port of Ellis Island, N. Y.

## PROMOTIONS IN THE ARMY.

## ORDNANCE DEPARTMENT.

*To be colonels.*

Lieut. Col. David M. King.

Lieut. Col. Tracy C. Dickson.

## CHAPLAINS.

*To be chaplains with the rank of captain.*

Chaplain Alva J. Brasted.

Chaplain William A. Aiken.

Chaplain Ernest W. Wood.

Chaplain William R. Arnold.

## CORPS OF ENGINEERS.

*To be colonels.*

Lieut. Col. Jay J. Morrow.

Lieut. Col. James B. Cavanaugh.

Lieut. Col. James P. Jervey.

Lieut. Col. George P. Howell.

*To be lieutenant colonels.*

Maj. Francis A. Pope.

Maj. Albert E. Waldron.

Maj. John R. Slattery.

Maj. Curtis W. Otwell.

*To be majors.*

Capt. Albert K. B. Lyman.

Capt. Creswell Garlington.

Capt. Daniel D. Pullen.

Capt. Carey H. Brown.

Capt. Oscar N. Solbert.

Capt. Beverly C. Dunn.

*To be captains.*

First Lieut. Ralph E. Cruse.

First Lieut. Lewis T. Ross.

First Lieut. Charles F. Balsh.

First Lieut. Clarence L. Adcock.

First Lieut. Keryn ap Rice.

First Lieut. Charles S. Ward.

First Lieut. Henry M. Underwood.

First Lieut. James B. Newman, jr.

First Lieut. James M. Young.

First Lieut. James C. Marshall.

First Lieut. Walter E. Lorence.

First Lieut. Amos B. Shattuck, jr.

First Lieut. Leland H. Hewitt.

First Lieut. Michael C. Grenata.

First Lieut. Preston W. Smith.

First Lieut. Thomas F. Kern.

First Lieut. Hans Kramer.

First Lieut. Albert G. Matthews.

*To be first lieutenants.*

Second Lieut. Wilson G. Saville.

Second Lieut. Mark M. Boatner, jr.

Second Lieut. David A. D. Ogden.

Second Lieut. Frederick A. Platte.

Second Lieut. Karl B. Schilling.

Second Lieut. John H. Elleman.

Second Lieut. Elmer E. Barnes.

Second Lieut. William W. Wanamaker.

Second Lieut. Beverly C. Snow.

Second Lieut. Richard Lee.

Second Lieut. Howard L. Peckham.

Second Lieut. John S. Niles.

Second Lieut. Charles R. Bathurst.

Second Lieut. Wendell P. Trower.

Second Lieut. Robert G. Lovett.  
 Second Lieut. Cornman L. Hahn.  
 Second Lieut. Edwin P. Lock, jr.  
 Second Lieut. Morris W. Gilland.  
 Second Lieut. David T. Johnson.  
 Second Lieut. Edwin G. Shrader.  
 Second Lieut. Randolph P. Williams.  
 Second Lieut. Otto Praeger, jr.  
 Second Lieut. Allison Miller.  
 Second Lieut. Newell L. Hemenway.  
 Second Lieut. Archie T. Colwell.  
 Second Lieut. Arthur J. Sheridan.  
 Second Lieut. James G. Christiansen.  
 Second Lieut. Benjamin F. Chadwick.  
 Second Lieut. Charles D. Jewell.  
 Second Lieut. Heath Twichell.  
 Second Lieut. Joseph J. Twitty.  
 Second Lieut. Robert E. York.  
 Second Lieut. Chester K. Harding.  
 Second Lieut. William V. Hesp.  
 Second Lieut. William C. Bennett, jr.  
 Second Lieut. Claude H. Chorpeneing.  
 Second Lieut. Frank O. Bowman.  
 Second Lieut. James P. Jervey, jr.  
 Second Lieut. Joseph S. Gorlinski.  
 Second Lieut. George S. Witters.  
 Second Lieut. Albert Riani.  
 Second Lieut. Orville E. Walsh.  
 Second Lieut. Harvey D. Dana.  
 Second Lieut. Peter P. Goerz.  
 Second Lieut. John P. Dietrich.  
 Second Lieut. William A. Callaway.  
 Second Lieut. Howard V. Canan.  
 Second Lieut. Vere A. Beers.  
 Second Lieut. Doswell Gullatt.  
 Second Lieut. John B. Hughes.  
 Second Lieut. Eugene L. Vidal.  
 Second Lieut. L. George Horowitz.  
 Second Lieut. David A. Newcomer.  
 Second Lieut. Boyd W. Bartlett.  
 Second Lieut. Laurence Van D. Harris.  
 Second Lieut. Herbert B. Loper.  
 Second Lieut. Ivan C. Lawrence.  
 Second Lieut. Robert A. Hill.  
 Second Lieut. Sydney W. Gould.  
 Second Lieut. Fred W. Marlow.  
 Second Lieut. William J. Regan.  
 Second Lieut. Roy Green.  
 Second Lieut. Lester F. Rhodes.  
 Second Lieut. Don G. Shingler.  
 Second Lieut. John R. Hardin.

## CAVALRY ARM.

*To be lieutenant colonels.*

Maj. Abraham G. Lott.

Maj. Ola W. Bell.

*To be majors.*

Capt. George B. Rodney.

Capt. Alexander H. Davidson.

Capt. Christian A. Bach.

Capt. Charles G. Harvey.

*To be captains.*

First Lieut. Harrie K. Dalbey.

First Lieut. John W. McDonald.

First Lieut. David H. Blakelock.

First Lieut. Rinaldo L. Coe.

First Lieut. Harold J. Duffey.

First Lieut. Jay K. Colwell.

First Lieut. Otis Porter.

First Lieut. Emory M. Mace.

First Lieut. Harry H. Dunn.

First Lieut. Renn Lawrence.

First Lieut. John L. Rice.

First Lieut. Nelson M. Imboden.

First Lieut. Randolph Dickins.

First Lieut. John N. Steele.

First Lieut. Eugene M. Dwyer.

First Lieut. Wharton G. Ingram.

First Lieut. Adrian St. John.

First Lieut. Robert M. Carswell.

First Lieut. Walter C. Merkel.

First Lieut. Julian W. Cunningham.

First Lieut. Sam G. Fuller.

First Lieut. Clinton A. Pierce.



First Lieut. Thomas M. Cockrill.  
 First Lieut. Delmore S. Wood.  
 First Lieut. Arthur Vollmer.  
 First Lieut. Otto B. Trigg.  
 First Lieut. George W. L. Prettyman.  
 First Lieut. Horace L. Hudson.  
 First Lieut. Lawrence C. Frizzell.  
 First Lieut. Robert F. White.  
 First Lieut. Henry D. Jay.  
 First Lieut. Ray L. Burnell.  
 First Lieut. Ray Harrison.  
 First Lieut. William F. Daugherty.  
 First Lieut. John T. Cole.  
 First Lieut. Stephen H. Sherrill.  
 First Lieut. Charles H. Gerhardt.  
 First Lieut. Herbert C. Holdridge.  
 First Lieut. Albert C. Smith.  
 First Lieut. Nicholas W. Lisle.  
 First Lieut. Percy G. Black.  
 First Lieut. Albert C. Stanford.  
 First Lieut. Louis LeR. Martin.  
 First Lieut. William K. Harrison, jr.  
 First Lieut. Josiah F. Morford.  
 First Lieut. Ernest N. Harmon.

*To be first lieutenants.*

Second Lieut. Clyde B. Bell.  
 Second Lieut. John M. Bethel.  
 Second Lieut. Francis P. Tompkins.  
 Second Lieut. Cornelius C. Jadwin, 2d.  
 Second Lieut. Donald Coray.

*INFANTRY.*

*To be colonel.*

Lieut. Col. John F. Madden.

*To be lieutenant colonel.*

Maj. Paul Giddings.

*To be majors.*

Capt. William H. Patterson.  
 Capt. Elliott M. Norton.  
 Capt. Roscoe H. Hearn.  
 Capt. Morris M. Keck.  
 Capt. Auswell E. Deitsch.  
 Capt. Joseph C. Kay.  
 Capt. Walter C. Jones.  
 Capt. La Vergne L. Gregg.

*To be captains.*

First Lieut. Lewis Perrine.  
 First Lieut. Clarke K. Fales.  
 First Lieut. Madison Pearson.  
 First Lieut. John M. Boon.  
 First Lieut. Roger Hilsman.  
 First Lieut. Holmes E. Dager.  
 First Lieut. James E. Allison.  
 First Lieut. Harry E. Fischer.  
 First Lieut. Charles E. Rayens.  
 First Lieut. Charles H. Jones.  
 First Lieut. Roger Williams, jr.  
 First Lieut. Harry B. Hildebrand.  
 First Lieut. William Hones.  
 First Lieut. Albert C. Anderson.  
 First Lieut. William H. Joiner.

*COAST ARTILLERY CORPS.*

*To be lieutenant colonel.*

Maj. James B. Mitchell.

*To be major.*

Capt. Edward D. Powers.

*To be first lieutenant.*

Second Lieut. Donald W. Sawtelle.

*FIELD ARTILLERY ARM.*

*To be colonels.*

Lieut. Col. Harrison Hall.  
 Lieut. Col. Wright Smith.

*To be lieutenant colonel.*

Maj. Augustine McIntyre.

*To be major.*

Capt. Walter S. Sturgill.

*PORTO RICO REGIMENT OF INFANTRY.*

*To be captains.*

First Lieut. Enrique Urrutia, jr.  
 First Lieut. Enrique de Orbata.

*To be first lieutenant.*

Second Lieut. Antonio A. Vazquez.

*POSTMASTERS.*

*COLORADO.*

George Haver, Eckley.  
 Ernest E. Hufty, Paonia.

*NEBRASKA.*

Nora G. Johnson, Big Spring.  
 Laura M. Baird, Cairo.  
 Thomas J. Oberender, Chappell.  
 Claude A. Sheffner, Hay Springs.  
 Archie L. Smith, Imperial.  
 Lew E. Bartholomew, Ralston.

**HOUSE OF REPRESENTATIVES.**

*FRIDAY, May 21, 1920.*

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou God and Father of us all, who hast made us after Thine own image and likeness in the embryo, to be developed in the strenuous and complicated duties of life.

We are a great people numerically and in achievements, but a heterogeneous mass from every clime and people under the sun, with different traditions and conceptions of life. Teach us, we beseech Thee, how to live together in peace and harmony under American traditions, thoughts, and ideals. In the spirit of the Lord Jesus Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

*EXTENSION OF REMARKS.*

Mr. KING. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?  
 Mr. KING. Mr. Speaker, I desire to ask unanimous consent to extend my remarks in the Record by printing two short letters on the financial situation.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks in the Record by printing two letters on the financial situation. Is there objection?

Mr. BLACK. Mr. Speaker, I object.

*CALL OF THE HOUSE.*

Mr. GARD. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Ohio makes the point of order that there is no quorum present. In the opinion of the Chair there is no quorum present—

Mr. MONDELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Blackmon	Frear	Kitchin	Small
Booher	Gandy	Kreider	Smith, N. Y.
Brinson	Godwin, N. C.	Lankford	Smithwick
Britten	Goodall	Lasher	Snyder
Brumbaugh	Graham, Pa.	McDuffie	Steele
Caraway	Greene, Vt.	McPherson	Stevenson
Carter	Harrison	Merritt	Strong, Pa.
Clark, Fla.	Hastings	Montague	Summers, Tex.
Cole	Hayden	Morin	Tillman
Costello	Heflin	O'Connor	Towner
Curry, Calif.	Hernandez	Rhodes	Vaile
Dominick	Hersman	Riordan	Venable
Doolling	Hoch	Rose	Ward
Doremus	Holland	Rowan	Willson, Pa.
Drane	Hullings	Sabath	Zihlman
Drewry	Hutchinson	Scully	
Ellsworth	Jones, Pa.	Sears	
Elston	Kettner	Siegel	

The SPEAKER. On this roll call 361 Members have answered to their names. A quorum is present.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors.

*ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.*

Mr. RAMSEY, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bills:

H. R. 13138. An act to amend section 8 of an act entitled "An act to supplement existing laws against unlawful restraints and